



**What the Residents Have to Say
About Financial Services
In Their Communities**

Upper Albany and Frog Hollow

**Findings from
Surveys and Focus Group Interviews**

Hartford, CT

The Annie E. Casey Foundation
Making Connections Initiative

September 2003

Metis Associates
...making a meaningful difference

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Acknowledgement

Claudia Keeley of the Connecticut Association for Human Services (CAHS) was responsible for setting up the focus groups for this research. Claudia worked with neighborhood organizations to recruit community members and host the groups; arranged to have local businesses prepare meals for the participants; located a bilingual facilitator for us; and arranged to have the survey translated into Spanish. Claudia also provided very useful background information to us about the two Hartford communities in which the focus groups were conducted. She was very generous with her time and knowledge, and we wish to acknowledge her essential help.

Table of Contents

	Page
Introduction	1
Findings – Upper Albany	2
Survey Findings	2
Focus Group Findings	3
Access to and Use of Mainstream vs. Other Financial Institutions	3
Access to and Use of Financial Loan and Planning Services	7
Awareness and Use of Earned Income Tax Credit (EITC)	10
Findings – Frog Hollow	11
Survey Findings	11
Focus Group Findings	12
Access to and Use of Mainstream vs. Other Financial Institutions	12
Access to and Use of Financial Loan and Planning Services	13
Awareness and Use of Earned Income Tax Credit (EITC)	16
Concluding Comments	17
Appendix A – Upper Albany Survey Findings	i
Appendix B – Frog Hollow Survey Findings	iv

INTRODUCTION

The Annie E. Casey Foundation's Family Economic Success (FES) is a comprehensive approach to building strong financial futures for families and communities. FES seeks to bring together a wide range of resources to help families build economic stability for themselves and their neighborhoods. As part of this effort, the Foundation engaged Metis Associates to obtain information and residents' opinions about the quality of and access to financial services in two of Making Connections' target communities in Hartford: Upper Albany and Frog Hollow.

In September 2003, six focus group interviews were conducted in the Upper Albany and Frog Hollow communities of Hartford. Three took place in Upper Albany, a predominantly African American community, and another three took place in Frog Hollow, a Latino community. The purpose of the interviews was to learn about neighborhood residents' experiences with financial institutions, products and services, and to obtain information about their preferences. Neighborhood organizations, including the Upper Albany Neighborhood Collaborative, Christian Activities Council, Community Renewal Team Office, and St. Ann's Immaculate Conception Roman Catholic Church, hosted the focus groups and helped recruit community members. The Aetna Center for Families also helped recruit neighborhood residents to take part in the interviews.

Professionals and consultants from Metis Associates facilitated the focus group interviews, each of which took place over a two-hour period, using a semi-structured protocol provided by the Foundation. The Frog Hollow focus groups were conducted in Spanish by a bilingual facilitator and translated into English. Approximately 15 members participated in each focus group and, in general, the focus group participants represented a cross-section of each community. A recorder was present at each focus group interview to document participants' discussion and their responses to questions. Tape recorders were also used. At the onset of each interview, surveys provided by the Foundation were administered to participants to ascertain participants' financial situations. The survey was available in English and Spanish. Participants were provided refreshments, meals, and they were each paid \$20.

A synthesis of results from the surveys and focus groups are presented for each community, with Upper Albany presented first, followed by Frog Hollow. Survey findings provide a general description of the participants' financial situation¹. A description of participants' financial status, including information on employment, taxes, renting/owning home, banking, savings/debt, and credit history, is presented. Interview data are organized by the following three topic areas:

Access to and Use of Mainstream vs. Other Financial Institutions
Access to and Use of Financial Loan and Planning Services
Awareness and Use of Earned Income Tax Credit (EITC)

¹It is important to note that some participants had difficulty completing the survey because of literacy or reading comprehension. We believe that most of these participants received assistance in English or Spanish from the focus group facilitator or recorder. However, we cannot be certain that all individuals who needed assistance received it.. As a result, some small number of participants may not have completed the survey properly, but there is no reason to believe that systematic error exists in the survey findings.

FINDINGS - UPPER ALBANY

Survey Findings

Forty-one surveys were completed. A description of the participants' financial status, including information on employment, taxes, renting/owning home, banking, savings/debt, and credit history, is presented in this section. Tables presenting these data are located in Appendix A.

Employment. More than half (53%) of the participants are currently employed. Thirty percent reported that they are employed full-time (meaning that they work at least 35 hours a week), and another 30 percent said they were employed part-time (work less than 35 hours a week).

Taxes. Two-thirds (66%) of the participants said they filed federal income taxes last year, and 58 percent said they filed state taxes last year.

Renting/owning home. Most of the participants (61%) rent their home, a quarter (25%) said they own their home, and nine percent said they are buying a home. Of the 12 participants who either own or are buying a home, eight provided an estimate of the value of their home. The estimates ranged from \$5,000 to \$190,000, with a median of \$150,000. Six of the 12 participants provided an estimate of how much they owe on their home; the estimates ranged from \$40 to \$100,000. Two participants (5%) said they own a home or property outside of the United States; neither of these participants provided an estimate of the value of that home or property.

Banking. Half of the participants (50%) said they have a checking account. Of those participants, 42 percent have a checking account in a bank, and 24 percent have an account in a credit union. Just under half (46%) of the participants said they have a savings account; 30 percent have a savings account in a bank, while 27 percent said their savings are in a credit union.

Savings/Debt. Sixty-one percent of participants said their household has no money saved for retirement. Of the 12 participants who have saved money for retirement, four have \$20,000 or more saved, three have \$5,000 to \$19,999 saved, two have \$1,000 to \$4,999 saved, and three have less than \$1,000 saved for retirement. Three quarters of the participants (76%) have some loans or debt, while 24 percent said they have no debt. Of the 25 participants who have debt, 16 (64%) have less than \$10,000 in loans or debt, and nine (36%) have \$10,000 or more in debt, with two having \$30,000 or more in debt .

Credit history. Just over a third of the participants (35%) have checked their credit history. Half of the participants said they are contacted by creditors either by telephone or mail.

Other information. Less than one third of the participants (31%) said they send money to relatives outside the U.S. each month. Of those participants who send money to relatives (N=10), two send less than \$50, four send between \$100 and \$200, three send between \$200 and \$400, and one sends \$500 or more on average each month. Sixty-two percent of the participants (N=23) said they have a valid driver's license.

Focus group findings

A total of 41 participants took part in one of the three focus groups conducted in Upper Albany. There were 16 in the first group, 15 in the second group, and 10 in the third group. All participants were African American, and the majority of participants female and working poor. Participants ranged in age from approximately 20 to 70 years old. In the following paragraphs, a synthesis of findings is presented for the three focus groups.

Access to and Use of Mainstream vs. Other Financial Institutions

- ❖ What financial transaction needs do residents have and where do they turn to meet those needs? Which institutions do residents use and trust with their basic financial transactions and why?

Focus group participants reported that it was difficult to conduct basic financial transactions within the neighborhood. This is because of the limited options available in selecting neighborhood-based financial institutions with which to do business. Only a few options currently exist within the immediate neighborhood: Fleet Bank on Albany Avenue, check cashing businesses (off Main St.), and a local grocery store.

I think a lot of the problem is, for one thing there's only one bank on Albany Avenue—Fleet Bank. In a lot of other communities, there might be a couple of banks within blocks of each other. I lived in the south end [of Hartford] for many years and there were five banks within walking distance from one another.

Most participants use both bank and check cashing establishments to conduct financial transactions. Fleet Bank services are used for check and money depositing (primarily through direct deposit from the participants' employers), ATM withdrawals, and for cashing personal checks. Check cashing establishments are used to pay utility bills and to cash checks drawn on business or government accounts.

Some participants said it was difficult to conduct financial transactions at the bank because they had little money to establish a checking or savings account. Others indicated that because of past bad experiences with the bank such as frequent overdrafts, they have not been able to establish a bank account.

Financial transactions with neighborhood businesses are almost solely done on a cash basis. Participants indicated that none of the neighborhood businesses accept personal checks for purchases, not even the grocery store. According to participants, many businesses also do not accept credit cards. In one group, the issue of how this local practice differs from store practices in more affluent neighborhoods was raised—one respondent mentioned visiting an ice cream shop in West Hartford that accepts personal checks. The participants said they must therefore rely on cash or ATM/debit cards to make their purchases in the neighborhood for groceries or clothes. Some participants indicated that they don't like to carry cash; they said that the less cash they have, the less likely they will be to spend it. One respondent said that using the ATM/debit card helps her keep track of the money she is spending. Some participants reported that they have credit cards but only use them in an emergency.

Although many of the focus group participants have an ATM card, they said it took a four-year fight to get Fleet to establish an ATM location in the neighborhood; this ATM has now been in place for two years. Participants with ATM cards said they visit the ATM site a few times a week.

The payment of bills is mostly accomplished by phone and at check-cashing businesses; the payment of rent is typically accomplished through using money orders and checks. The use of phone technology to pay bills is prevalent among many of the participants; even some senior citizens pay their bills using this method. Use of the phone for electronic payments is far more popular than use of a computer. In fact, very few people said they conduct any type of financial transaction using a computer because they said they do not trust making financial transactions on the computer. Focus group participants said they like using pay-by-phone services and bill paying centers because the funds are credited to their account almost immediately. The timeliness is important because several participants acknowledge that they wait until the due date to pay their bills.

With regard to the payment of rent, the majority of participants indicated that money orders are the preferred form of payment and, in many cases, the only accepted method of payment. Payment by check was the second most preferred form of payment for those who have checking accounts; a few participants pay their rent with cash. Reasons for obtaining a money order centered on issues of trust—in general, people do not want their landlords to have information about their bank account, and they want immediate documentation that the rent had been paid and when (the money order copy).

❖ What factors keep community residents from using mainstream banking markets?

The biggest barriers to conducting financial transactions at the bank concerned the absence of good customer service and convenience.

The long lines at the bank. Most participants agreed that Fleet Bank is often understaffed, resulting in a one- to two-hour wait to be served at the counter. One participant said that many youth avoid going to the banks because of the long lines; *they prefer to pay a fee at the check cashing store so they can have immediate access to their money and they don't have to wait on the lines at the bank.*

Stringent identification policies prevail at the bank; “they make you feel like a crook...” Some participants said that though they have had accounts at Fleet for ten or more years (suffering through the various mergers), no one at the bank knows their name, and stringent identification policies are in effect whenever withdrawal requests are made. Several participants complained that the bank required a driver's license and a credit card in order to cash a check without depositing it first, even if the check is drawn on Fleet Bank. As one participant stated: “They want 15 million pieces of identification. They want a credit card for identification; they won't take debit cards.” Another added: “They make you feel like a crook for wanting to get your own money.” A few participants mentioned that they had a photo identification issued by the Department of Social Services, but the bank did not recognize that as a form of identification.

The low quality and impersonal nature of customer service are reasons why several of the focus group participants said they prefer going to banks outside their immediate neighborhood (in areas such as Windsor or the south end of Hartford), where the lines are not as long and the bank tellers, who are familiar with their faces, will cash personal checks without a show of identification.

Other deterrents to using the bank included bank fees, the holding period for deposited checks, lack of parking, and safety, a particular concern among seniors in the group. One senior said that she is afraid to go to the ATM because she doesn't feel protected.

The bank in this area is understaffed so you have to wait a lot longer. By the time you wait on line at the bank here on the avenue vs. driving downtown—by the time you park your car and go in, you're done compared to if you had waited on line.

For the [Fleet] bank, where do you park? There are some people in this community that drive—there's not even parking for the employees. It's a big inconvenience, and they make it hard for people in the community to transact their business.

I went to Fleet bank and I sat in that line for an hour and 45 minutes. The line was almost out the door. There were only two tellers trying to help the people in the line as well as at the two little customer service desks.

A lot of people are afraid to go in there because too many people hang on the outside. A lot of ladies got their pocketbook snatched.

The bank gives you such a hard time [to cash a check]. They want you to deposit your check, have it clear, or open an account. When you get your income tax check, you want your money.

The bank wants you to have a credit card [to cash a check] even if the check is drawn on that bank. They want two forms of ID, a driver's license and a credit card.

Inconvenient banking hours. The majority of participants indicated that banking hours are not convenient for them; they are too short and inconvenient for people who work. Participants indicated that the Fleet Bank in their neighborhood does not have a "late night" day during the course of the week when the bank is open until 6 p.m. The absence of a late-night day is especially hard for seniors, who have problems with transportation and cannot walk too far. Participants stated that banks in other locations of Hartford typically have at least one late night per week; the People's Bank is open seven days a week. Convenience was the primary reason that people chose to conduct their financial transactions elsewhere.

A few in the group also stated that they did not trust bank employees to have access to their financial information, because these employees were mostly from the neighborhood.

- ❖ Which features and services do check cashing institutions provide that residents find attractive? What services do check cashing places offer that banks do not?

Although check cashing establishments were perceived to be better on the customer service end, they were also perceived to have a monopoly, which resulted in exploitation of residents.

They treat us with respect. Some participants reported that the local check cashing establishment had a high quality of customer service. Participants felt that there is a perception in the community that the proprietor of the local check cashing place treated patrons “like customers.” Focus group participants reported that they are always greeted when entering the building. If an elderly person is on line, the proprietor allows that individual to come to the front of the line to avoid standing and waiting for a long time. As one respondent put it , “They do what a bank should do. They use their common sense and I feel appreciated.” *Even though the check cashing business charges fees for conducting transactions, participants said it is worth paying those fees in order to be treated with decency.*

Identification is less of a problem. Participants reported that if they do not have identification, the proprietor issues them a check cashing identification card.

Convenience; the stores have better hours. The hours of operation of check cashing businesses are more conducive to people’s work schedule. For example, the check-cashing establishment located off Main Street (in the mini-mall across from the Hartford Public Library) is open from 8 a.m. to 6 p.m.

It’s convenient—you can cash your check, you can pay your bills, [and] you can get your money order. The wait is not as long as the bank if you go in there on a Thursday or a Friday.

[Even though I have a bank account] In some instances I do [use check cashing] because I get off work late and I say, ‘okay, I have to pay this bill.’ The check cashing stays open until six. I use [check cashing places], but it’s not my choice, I have no other choice.

Participants do not prefer these types of establishments--they feel they have no other options available to get their financial business done; and they resent paying fees for the services. Although some participants pay their utility bills (electric, phone, cable) by phone, others visit check-cashing establishments primarily to pay these bills. They resent the fact that the check cashing places charge a \$1 fee for this service, but they felt locked into accepting these fees because utility companies closed customer service centers in the neighborhood several years ago, and there are no other local businesses that have received approval from utility companies to serve as an authorized payment center. Some members of the focus group indicated that they have utilized stores in other neighborhoods (in Bloomfield and the south end of Hartford) that are authorized bill paying centers, and no fee is attached to this service. Members of the focus group strongly believed that if more local businesses in their neighborhood were allowed to get this authorization, fees would diminish as a result of competition.

I use check cashing as a last resort. They are also not customer-friendly with the bullet-proof glass. It's a shame because we have to go there to pay our light bill, our gas bill, and our phone bill.

Our light company nor our gas company have a traditional customer service office in the community. We have no other alternative but to do business with a check cashing place that robs you when you pay your gas bill, your light bill, your telephone bill – that's \$3 right there for bills that I have.

With the utility company, I think it's hard for a business owner in this community to get established so that they can accept [bill] payment. In the south end [of Hartford] they had several stores by private business owners that can accept payment...In the check cashing places, in order to offset some of those [bill payment] fees, we need other competition. The bill payment draws people to the check cashing place.

I've gone to stores in other places where you could pay and they don't charge a fee. It's only here that I've been charged a fee.

Access to and Use of Financial Loan and Planning Services

- ❖ What financial loan services have residents used? Do residents feel they have ever been taken advantage of by any of these lending practices?

Residents believed the credit union was a more viable and trustworthy source for obtaining a loan than Fleet Bank. In fact, loan experiences with Fleet Bank were perceived as negative and exploitive. A few members of the focus group reported that they had tried to get a loan from Fleet Bank and were rejected. Some focus group members shared that they had been long-term customers of the bank and were disappointed at the bank's response to their loan requests.

You can be a loyal customer of Fleet or any other bank for 10-15 years and then when it comes to getting a loan—they don't even know you. They've been collecting fees for years from you as a customer, but suddenly they don't know you.

I had been a customer of Fleet through all their changes, when they were Bank of Boston, then something else at some point, then they were Natwest and then they ended up being Fleet—and they wouldn't even give me credit.

After all the years of being a loyal customer, paying fees and when it's time for you to want something back from the bank, they don't know you.

One participant received a loan from Fleet during a period several years ago when the bank launched a campaign to give loans to community residents. The loan campaign resulted from a redlining lawsuit. Loans ranged from \$500 to \$1500 and residents were approached as they entered the door to sign up. At the time, this focus group participant indicated she did not have a job, but was given a loan anyway (at a high interest rate); after several defaults she is still trying to pay off this loan. Others in the group had heard of these loans and agreed that the bank was exploitive.

This respondent realizes now that Fleet was not reputable in giving her the loan, and that it was a trap that ruined her credit history. She is currently working with a credit union to try to establish good credit in order to obtain a mortgage. Although most participants felt that the bank was the best place to obtain a loan, many had very negative experiences with the bank and did not know where to turn for help.

Several members of the focus group indicated that they prefer working with the credit union to get a loan. Credit unions are perceived to be more attentive and interested in “working with you” so that a request for money can be fulfilled no matter what the credit history is.

I chose to go to the credit union because it's more, you know, more personal. You can sit down and get to know the members instead of like a bank where you go in and out. At the credit union you have more time to get to know the people.

With the credit union, sometimes you can have questionable credit, but since you're a member and they know you—they'll work with you. You can go into one of their departments—home equity, mortgage, car loan—and they will accept you.

Rent-to-own services are readily available and advertised throughout the neighborhood; however most participants perceived these services as negative and exploitive. Some participants indicated they have used rent-to-own services or have known people who have used the services. While some participants perceived the rent-to-own service as a good way of getting “nice things,” others disagreed. In two instances, appliances were taken back by the store after a long series of payments had been made. Others mentioned that they spent more money for the item than they would have if they had bought it outright. Most people use this service because they need certain things immediately (computer, washing machine) and don't have the money. One participant said of the rent-to-own service: “We are thinking, but we are not thinking.” These services are located in the community, offer credit, and advertise throughout the community.

❖ What services or strategies have residents used to build financial savings? What factors preclude residents from establishing or maintaining a savings account?

Although many members of the focus groups were setting aside funds for savings, most readily admitted they were not informed about how best to build a nest egg. Whether through a personal savings bank account, a certificate of deposit (CD), a 401k, a credit union, or a stash of cash in their home, about half of the participants reported they tried to save some of their money. The other half of participants could not set aside funds for savings; these participants have trouble paying their bills.

Savings at Fleet. *For those who felt they could only put a small amount into savings, they found that Fleet banking practices served as a disincentive.* For example, one respondent who had about \$200 in a saving account indicated that the bank charged a monthly penalty because the balance was below \$250.

Savings at the Credit Union. Some participants reported that they were developing savings using a credit union. They liked the fact that the credit union staff were more personable and frequently provided information about different opportunities for money management. They also felt the credit union had “good rates.” Several people said the credit union was the only place to go to get a fresh start financially because the union helped to repair and build a financial history for people. One participant said the credit union was the only place that would give her an account—she was able to start with an opening balance of \$5.

Sou sous community partnership. Some participants reported that they are part of a community partnership (sou sous). Participants liked the idea of a community partnership because it forced you to save money. One respondent indicated, “The culture promotes the sou sous.” Trust was mentioned as a major factor in the partnership.

401k retirement plans. For those focus group members who had a 401k plan through their job, nearly all acknowledged that they did not have a good understanding of how their 401k is set up because no one talked with them individually about how to select from the options available.

Awareness about individual development accounts (IDAs) was practically non-existent. Only a few participants were aware of the IDA program. One member had heard of it through word-of-mouth; another had seen a sign about IDA posted in the bank but did not think to inquire about it; and others had seen flyers. When asked why they didn’t enroll in the program, participants said they didn’t have the \$25 to start. All focus group participants reported they would be interested in signing up for this type of account. They commented that Fleet is not aggressively promoting the IDA program to neighborhood residents in the way that its high rate loan program was promoted four years earlier.

Residents perceive that there is a great need in the neighborhood for one-on-one training or advocacy in the area of financial planning and management. Participants strongly desire more knowledge about how to better manage their money and how to repair their credit. Even those who felt they did not have a lot of money to save or invest were eager to know more, so that when they did have money, they would be informed about how to manage it. Many felt that representatives from local banks and other organizations should come into the neighborhood and educate the community on what services are available by providing classes and workshops. Among seniors in the group, the issue of Social Security benefits was key; they felt they had nowhere to turn with questions about their benefits, and they are often given the “run-around” when they try to get issues resolved with Social Security personnel over the phone.

Information from within the community. Although many participants did not know where to obtain information on financial planning and management, others reported that they obtained some information from the community. For example, some participants attended a financial literacy seminar earlier in the year that was sponsored by the Albany Alliance Neighborhood Coalition. The seminar was designed to expose youth in the community to information about financial management, including information on IDAs. A few participants also used the ‘211’ information line to get referrals to services in the community that would help them with financial matters. While some information is available within the community, many felt that one had to take the initiative to seek out this information. As one participant commented, “It’s

accessible for self advocates, but if you're waiting for the information to come to you—it won't happen."

Substantial interest in training was expressed. A few people in the focus group perceived themselves to be savvy about financial planning—skills they learned primarily through their own research. Even with that knowledge, these participants believed they had a lot more to learn and would benefit from whatever training might be offered. A participant said, "We want to help ourselves first be responsible for ourselves." Training needs ranged from the basic level of "knowing what questions to ask when requesting information related to financial matters" to "what are the steps to buying a house" to "provide information on tax loopholes" to "help me understand the stock market." Many participants were interested in learning how to handle their money so that more could be put away for savings. Younger members said they couldn't discipline themselves not to spend all the money they received, and they wanted tips on how to remedy this pattern. Others had an interest in areas such as how to repair credit, debt consolidation, and bankruptcy.

The training formats that people desire are small group or one-to-one, in which an advocate has up-close and ongoing contact with people about the facts of their current situation, and perhaps serves as a mediator to assist in interacting with the system. *To address the needs of seniors, focus group members recommended that such an advocate visit senior citizen housing units instead of expecting seniors to come to them.*

Awareness and Use of Earned Income Tax Credit (EITC)

❖ Are residents aware of and do they take advantage of the EITC?

The Take Your Money Hartford campaign for EITC awareness was not familiar to the majority of focus group participants. Very few participants had heard about the campaign. However, nearly half of the participants in one of the groups filed for EITC benefits on their 2002 income tax return. Participants said they filed for EITC through H&R Block; in fact, the majority of participants who filed taxes indicated that H&R Block was the source they used to prepare their taxes. Upon learning about this campaign, some participants believed it would be effective for the campaign to include training on how to take advantage of tax loopholes

Some participants wanted to learn how to do their own taxes, while others liked to use a service. Those who used H&R Block reported that they liked the fact that there was a machine in which one could insert a refund check and get back cash.

FINDINGS – FROG HOLLOW

Survey Findings

A total of 45 surveys were completed; 12 were completed in English and 33 were completed in Spanish. A description of the participants' financial status, including information on employment, taxes, renting/owning home, banking, savings/debt, and credit history, is presented in this section. Tables presenting these data are located in Appendix B.

Employment. Forty-four percent of the participants said they are currently employed. Thirty-one percent said they work 35 hours a week or more (full-time), and 21 percent work 35 hours a week or less (part-time).

Taxes. Just over one third (38%) of the participants said they filed federal income taxes last year, and slightly more (40%) said they filed state taxes last year.

Renting/owning home. A large majority of the participants (82%) rent their home, while three participants (7%) said they own their home, and twelve (32%) said they are buying a home. Of the 15 participants who either own or are buying a home, two provided an estimate of the value of their home. The estimates were \$65,000 and \$175,000. Two of the 15 participants also provided an estimate of how much they owe on their home; the estimates were \$40,000 and \$140,000. Five participants (13%) said they own a home or property outside of the United States. None of these participants provided an estimate of the value of the home or property.

Banking. Less than half of the participants (41%) said they have a checking account, 40 percent said they have a checking account in a bank, and six percent said they have an account in a credit union. Less than one third (29%) of the participants said they have a savings account. Responding to a separate survey question, 24% percent indicated that they have a savings account in a bank; and eight percent have an account in a credit union.

Savings/Debt. Just under two thirds (65%) said their household has no money saved for retirement, while 12 of the 34 participants (35%) said they have money saved for retirement. Of those 12 participants, five (42%) have less than \$10,000, two (17%) have between \$10,000 and \$39,999, and five (42%) have \$40,000 or more saved for retirement. The majority of participants (64%) said they have loans or debt, while 36 percent said they have no debt. Of the 23 participants who have debt, most (17 or 74%) have less than \$10,000 in loans or debt, four (17%) have between \$10,000 and \$19,999, and two (9%) have \$20,000 or more in debt.

Credit history. Forty-one percent of the participants have checked their credit history. Less than one third (28%) said that they are contacted by creditors either by telephone or mail.

Other information. More than half (56%) of the participants said they send money to relatives outside the U.S. each month. Of those participants who send money to relatives (N=19), five send less than \$50, nine send between \$50 and \$100, two send between \$100 and \$200,

one sends between \$200 and \$400, and two send \$500 or more on average each month. Less than half (42%) of the participants said they have a valid driver's license.

Focus group findings

Forty-five participants (13 in the first group, 12 in the second group, and 20 in the third group) took part in the three focus groups conducted in the Frog Hollow community. All were Latino, of Puerto Rican or Mexican decent, with the majority of participants female and working poor. Participants ranged in age from approximately 20 to 70 years of age. Findings are aggregated across the three focus group interviews and represent the groups' opinions. Focus groups were conducted in Spanish by a bilingual facilitator and translated into English.

Access to and Use of Mainstream vs. Other Financial Institutions

- ❖ What financial transaction needs do residents have and where do they turn to meet those needs? Which institutions do residents interact with or trust with their basic financial transactions and why?
- ❖ Which features and services do check cashing institutions provide that residents find attractive? What services do check cashing establishments offer that banks do not?

Focus group participants had very diverse financial transaction needs. Some participants used both the bank and the check cashing businesses, and others used only the check cashing businesses to conduct financial transactions within the neighborhood. Many participants are not employed or are immigrants without citizenship. For these members, check cashing establishments or the local grocery store are more appealing because many do not have bank accounts, and they can not cash checks at the bank. Others, especially immigrants without citizenship, are asked to present several forms of identification at the bank, which they do not have.

The banks compared to the check-cashing establishments. Most of the participants who are employed or retired and dependent on Social Security benefits have a checking or savings account and a number of options in their neighborhood with which to do business. These include Fleet Bank, Webster Bank, Sovereign Bank, and People's Bank. Participants go to the bank to cash their checks instead of a local check-cashing establishment because they do not want to pay the high fees. At times, participants also use the check cashing business to purchase money orders to pay bills, because money orders are cheaper than at the bank (\$.69 vs. \$1) and the bills can be paid the same day. Participants also like the convenience of one-stop shopping at the check cashing business; they can cash a check, pay a bill, send money to relatives, and get a money order, all in one visit.

The payment of bills is mostly done at check cashing businesses; the payment of rent is typically done using cash, money orders and checks. Very few participants pay their bills by phone or computer. With regard to the payment of bills, most focus group participants pay their bills at the check cashing businesses where they can purchase relatively cheap money orders. Most of the residents that have checking accounts use them solely to pay their bills, but sometimes, if the payment is going to be late, they opt to pay their bills at the local check cashing business because that method is faster than sending a check

through the mail. The processing turnaround time for a payment made at a check-cashing establishment is approximately two days, and residents have the option of calling the utility companies to report that they have made a payment at the local check cashing establishment. To pay rent, most participants use money orders or cash. Only a few participants said that they use phone or computer technology to pay bills. Most did not feel comfortable with this method.

I don't like to give my personal information over the phone or computer.

- ❖ What factors keep community residents from using mainstream banking markets?

The biggest barriers to conducting financial transactions at the bank centered on the absence of good customer service and convenience. Many participants complained that the banks in their neighborhood treat them unfairly and make them wait in line for long periods of time. One respondent reported that she goes to the next town for her banking needs because the staff are friendlier and treat her with respect. Another reported that she was more comfortable using People's Bank than Fleet or other local banks.

I prefer People's Bank because the staff treats me with courtesy and respect, whereas other banks treated me like a second-class citizen.

As reported by participants, the banks in the neighborhood close too early and are not convenient. Participants have to leave their neighborhood to find a bank that stays open later than 3 p.m. Many complained about long lines and slow service at the bank. It was mentioned that on busy days it seems that not enough tellers are available, and on other days when it isn't busy, there are too many tellers. Also, the lack of air conditioning at the bank makes it very uncomfortable to be there. Participants also resent having to show several forms of identification to cash a check when many of them do not have it.

Many participants pay cash or use an ATM/debit card for their purchases in the neighborhood, such as groceries, clothes, and doctor bills. Some also pay bills with this card. Another inconvenience, as reported by participants, is that there are only two ATM machines in the neighborhood. People are afraid of being robbed while waiting on the long ATM lines.

In the state of Connecticut, welfare recipients are issued an ATM card that allows them access to their monthly cash and food stamps benefits. Instead of issuing a check every month the state makes the money available to the recipients via their ATM accounts. Security is a concern because people generally know when funds are deposited to the ATM accounts, and those using ATM machines have been mugged.

Access to and Use of Financial Loan and Planning Services

- ❖ What financial loan services have residents used? Do residents feel they have ever been taken advantage of by any of these lending practices?

Although residents believed that the bank and credit union were trustworthy sources for obtaining a loan, bad credit and discrimination would deter many participants from pursuing a loan from a traditional bank. Many participants believed that a bank or credit union would be the best place for obtaining a loan. Some took out loans with a local bank,

Fleet, and had positive experiences. One respondent said, “It was quick and easy, and I had the check in my hands the same day.” This participant also mentioned that she believes it was easier for her to get a loan because of her good credit history.

Many members felt that their credit history would prevent them from getting a loan. Some participants also felt that they did not make enough money to get approved for a loan, in particular those participants who are retired. They said that since their only source of income is benefits from Social Security, they would most probably be denied a loan. Participants also mentioned that they felt discriminated against because of their race. They felt that the chances of being turned down were higher than if they were white. There is a perception that Caucasian individuals would get a loan much more quickly than a Latino person.

Americans will get a loan before a Latino will.

I will not put one red cent in an American bank because of how bad they (Caucasians) are.

Among focus group participants was a mix of those who have had experiences with obtaining loans and those who have not. Those who have not obtained a loan reported that they would go to family members or friends or to the neighborhood “prestamista” or loan shark. Some felt comfortable borrowing from the prestamista because it is quick, easy and the service is personalized. They are usually charged between \$5 and \$6 for every \$20 that is borrowed, and the money has to be paid back within a short period of time.

My experience (with a prestamista) was a positive one, and I had no problems whatsoever with them. The loan shark charged me 30% interest and I had to pay them back within 3 weeks.

Many participants never use the loan shark because the fees are too high and the money needs to be paid back immediately. They also expressed concern for their lives if they borrowed money and weren’t able to repay it. Others felt that the prestamista was illegal and they didn’t want to get involved with it.

Rent-to-own stores are readily available and advertised throughout the neighborhood; however, most participants perceived these services as negative and exploitive. A few members of the focus group reported that they had used rent-to-own services, or they have known someone who has used these services. For example, participants purchased furniture and household items, such as a refrigerator, through a rent-to-own store. These participants said it was convenient because the service was quick and affordable (compared to having to come up with a few hundred dollars to purchase it at a regular store), and the weekly payment plan was convenient.

Most of the focus group participants, however, have not and will not use the rent-to-own stores to purchase furniture for their households, and they think it is a rip-off. For those without a social security number, it is not an option, because a social security number is needed to get these services. These services are too expensive, and they often want a down payment that participants do not have. Participants also worry about being able to make the payments, which are usually on a weekly or monthly basis—*stores charge double for every week that you fall behind in payment.* Also, interest is high, and if two months elapse without

a payment made, the stores repossess the item. One member didn't pay her bill for two weeks, and her television was repossessed. Another participant spoke about a daughter who didn't pay on time; the store took everything back. Participants agreed that it's better to get things from the street or from others in the community.

People help each other, if one person gets rid of something they may give it to someone else.

When people move, sometimes they leave things behind. One lady had furniture, refrigerator, and other appliances, that were left behind because the person who was moving either couldn't afford to take them or couldn't take them with her.

Why buy when I plan on going back to Mexico?

Most people get second-hand furniture. One woman stated that everything she owns is second hand and also spoke about "dumpster diving" for things that she may be able to use. Participants mentioned that some of the establishments where they purchase their home furnishings include the Salvation Army and the local second hand store. Some also go to the rent-to-own stores when they hold sales of used furniture that has been repossessed, returned or damaged. These home furnishings are sold at cheaper prices.

- ❖ What services or strategies have residents used to build financial savings? What factors preclude residents from establishing or maintaining a savings account?

Most members of the focus groups were not in a position to set funds aside for savings, and many admitted that they were not informed about how best to build a nest egg. Many participants believed that a bank account was needed to set funds aside; and the main factor that precludes participants from establishing or maintaining a savings account is that many are unemployed, and the money that they receive goes to pay their bills. One of the major deterrents that prevent participants from opening checking and savings accounts is that they need a minimum balance to open the account. They also need to maintain a balance so that the bank does not charge them fees. Since their income is so limited, they would prefer handling their money instead of paying fees to the banks. One member of the focus group was not able to keep her account because she is a welfare recipient, and the state does not allow recipients to keep bank accounts; she would have to report it and it is just simply not worth it. There were a few participants who had savings accounts that they tried to access only in case of an emergency.

Awareness about individual development accounts (IDAs) was practically non-existent. None of the residents had heard of the IDA program. All participants reported that they would be interested in signing up for this type of account. It should be noted that there was some level of distrust of the "system" or resources offered. Some participants thought the program sounded "too good to be true."

Residents perceive that there is a great need in the neighborhood for one-to-one training or advocacy in the area of financial planning and management. Many participants felt that they didn't have enough money to seek advice, that they are too concerned with every day situations, such as sending the kids to school, making sure they have clothes and similar issues, to look for advice on how to handle their money.

Since we don't have money, we don't need advice, so what's the purpose?

The money that we make is barely enough for what I need.

The money is not enough to meet daily needs.

However, participants believed they could still benefit from a money management class and wanted guidance in managing their money, "if it's free and professional." Some people would like to know how to invest, some would like to know how to get out of debt, one person mentioned bonds, and some wanted to learn how to make a budget. One person had filed for bankruptcy, and she wanted to know "how not to go there again".

How can some people who make less money seem to have more than people who make more?

I would like to know how to administer my money.

I'd like to know how to get it (money) first. You need to know your priorities.

It would be nice to learn about managing money.

Participants thought that a small group format, such as a class, would be a good way to learn about financial management. They thought they could learn from a teacher and from the other people attending the class by sharing how they manage their money and their personal experiences. Others preferred private individual classes. They did not want other people to know about their finances or how much they have. One person thought it would be good to learn from other peoples' experiences. Other people agreed it was a good idea to have a class. They came to a consensus that a combination of the two would be a good idea: "the group is to learn, and the private would be your own little thing." The general idea would be to attend a class first to gain an understanding of basic finances; participants could then work on their individual situations.

Awareness and Use of Earned Income Tax Credit (EITC)

❖ Are residents aware of and do they take advantage of the EITC?

The Take Your Money Hartford campaign for EITC awareness was not familiar to the majority of focus group participants. Very few participants had heard about the program. One person heard about the benefit through flyers he received at a neighborhood meeting. When asked what was the best way to advertise and let people know what resources and programs are available to them, the group responded by suggesting the use of the local radio stations, particularly Latino 1230 AM, local Latino television channels, local newspapers, and flyers passed out in the schools and in local agencies such as the Community Renewal Team.

Some of the residents had heard about the EITC and were taking advantage of it. Others did not have any young children and knew that they would not qualify for it. One person used

to take advantage of the EITC when her children were younger. Another resident mentioned that her husband tried to file his income taxes but didn't make enough money to qualify.

Most of the focus group participants were well aware of local establishments where they could file their income tax return for free. These residents had used the Community Renewal Team and other local agencies, and some had gone directly to IRS offices to do so. They preferred the IRS because filing was free; the return was transmitted electronically, and they received the refund within two weeks.

CONCLUDING COMMENTS

Findings from the focus groups indicate differences in the two communities with regard to access to and use of financial institutions such as banks and check cashing facilities, ATMs and credit cards, and reliance on technology and cash transactions. It was evident from interview data that some participants could not access the services in their communities because they were not literate or because they were not U.S. citizens. These circumstances, along with residents' distrust of both formal financial institutions and informal resources, e.g., landlords, neighbors and community residents employed in the neighborhood, impact the way that residents use the services of financial institutions.

APPENDIX A

Tables reporting Upper Albany survey findings

Survey findings provide a general description of participants' financial situation and are based on self-reported data. It is important to note that some participants had difficulty completing the survey because of literacy and/or comprehension difficulties. As a result, data may not have been accurately reported by participants and should be interpreted with caution. There were a total of 41 completed surveys. A description of the participants' financial status, including information on employment, taxes, renting/owning home, banking, savings/debt, and credit history, is presented in this section. It should be noted that within the tables, percentages may not add to 100 percent due to rounding.

Table 1: Employment status

	Yes		No	
	N	%	N	%
Currently employed (N=40)	21	53%	19	48%
Work 35 hours a week or more (N=40)	12	30%	28	70%
Work 35 hours a week or less (N=33)	10	30%	23	70%

Table 2: Filed taxes

	Yes		No	
	N	%	N	%
Did you file federal income taxes last year? (N=38)	25	66%	13	34%
Did you file state income taxes last year? (N=38)	22	58%	16	42%

Table 3: Home ownership

	Yes		No	
	N	%	N	%
Rent home (N=41)	25	61%	16	39%
Own home (N=40)	10	25%	30	75%
Buying home (N=35)	3	9%	32	91%
Own a home or property outside of the U.S. (N=39)	2	5%	37	95%

Table 4: Banking

	Yes		No	
	N	%	N	%
Do you have a checking account? (N=34)	17	50%	17	50%
Is the checking account in a bank? (N=36)	15	42%	21	58%
Is the checking account in a credit union? (N=34)	8	24%	26	77%
Do you have a savings account? (N=39)	18	46%	21	54%
Is the savings account in a bank? (N=37)	11	30%	26	70%
Is the savings account in a credit union? (N=37)	10	27%	28	73%

Table 5: Savings for retirement

How much money does your household have for retirement, including funds in stocks, bonds, mutual funds, IRAs, 401Ks, or any other employer-sponsored plan? (N=31)

	N	%
None	19	61%
\$0-\$999	3	10%
\$1,000-\$4,999	2	6%
\$5,000-\$19,999	3	10%
\$20,000 or more	4	13%

Table 6: Total loans/debt

What is the total amount of loans, credit card debt, car loans, payday loans, or loans to family or friends in your household? (N=33)

	N	%
None	8	24%
\$0-\$999	1	3%
\$1,000-\$4,999	8	24%
\$5,000-\$9,999	7	21%
\$10,000-\$19,999	4	12%
\$20,000-\$29,999	3	9%
\$30,000 or more	2	6%

Table 7: Credit history

	Yes		No	
	N	%	N	%
Have you checked your credit history? (N=37)	13	35%	24	65%
Are you contacted by creditors who call your house or send you notices? (N=36)	18	50%	18	50%

Table 8: Other information

	Yes		No	
	N	%	N	%
Do you send money to relatives outside of the U.S. each month? (N=32)	10	31%	22	69%
Do you have a valid driver's license? (N=37)	23	62%	14	38%

APPENDIX B

Tables reporting Frog Hollow survey findings

Survey findings provide a general description of participants' financial situation and are based on self-reported data. It is important to note that some participants had difficulty completing the survey because of literacy and/or comprehension difficulties. As a result, data may not have been accurately reported by participants and should be interpreted with caution. There were a total of 45 completed surveys, of which 12 were completed in English and 33 were completed in Spanish. A description of the participants' financial status, including information on employment, taxes, renting/owning home, banking, savings/debt, and credit history, is presented in this section. It should be noted that within the tables, percentages may not add to 100 percent due to rounding.

Table 1: Employment status

	Yes		No	
	N	%	N	%
Currently employed (N=43)	19	44%	24	56%
Work 35 hours a week or more (N=45)	14	31%	31	69%
Work 35 hours a week or less (N=38)	8	21%	30	79%

Table 2: Filed taxes

	Yes		No	
	N	%	N	%
Did you file federal income taxes last year? (N=42)	16	38%	26	62%
Did you file state income taxes last year? (N=43)	17	40%	26	60%

Table 3: Home ownership

	Yes		No	
	N	%	N	%
Rent home (N=44)	36	82%	8	18%
Own home (N=42)	3	7%	39	93%
Buying home (N=38)	12	32%	26	68%
Own a home or property outside of the U.S. (N=39)	5	13%	34	87%

Table 4: Banking

	Yes		No	
	N	%	N	%
Do you have a checking account? (N=44)	18	41%	26	59%
Is the checking account in a bank? (N=40)	16	40%	24	60%
Is the checking account in a credit union? (N=35)	2	6%	33	94%
Do you have a savings account? (N=42)	12	29%	30	71%
Is the savings account in a bank? (N=41)	10	24%	31	76%
Is the savings account in a credit union? (N=39)	3	8%	36	92%

Table 5: Savings for retirement

How much money does your household have for retirement, including funds in stocks, bonds, mutual funds, IRAs, 401Ks, or any other employer-sponsored plan? (N=34)

	N	%
None	22	65%
\$0-\$999	1	3%
\$1,000-\$2,499	4	12%
\$2,500-\$9,999	0	-
\$10,000-\$19,999	1	3%
\$20,000-\$39,999	1	3%
\$40,000 or more	5	15%

Table 6: Total loans/debt

What is the total amount of loans, credit card debt, car loans, payday loans, or loans to family or friends in your household? (N=36)

	N	%
None	36%	13
\$0-\$999	17%	6
\$1,000-\$2,499	17%	6
\$2,500-\$4,999	11%	4
\$5,000-\$9,999	3%	1
\$10,000-\$14,999	3%	1
\$15,000-\$19,999	8%	3
\$20,000 or more	6%	2

Table 7: Credit history

	Yes		No	
	N	%	N	%
Have you checked your credit history? (N=41)	17	41%	24	59%
Are you contacted by creditors who call your house or send you notices? (N=43)	12	28%	31	72%

Table 8: Other information

	Yes		No	
	N	%	N	%
Do you send money to relatives outside of the U.S. each month? (N=34)	19	56%	15	44%
Do you have a valid driver's license? (N=41)	17	42%	24	59%