

EAST HARLEM COMMUNITY BANKING STUDY

SUMMARY OF FINDINGS



Neighborhood Economic Development Advocacy Project

*Prepared for Union Settlement Federal Credit Union
February 2006*

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This study was prepared by the Neighborhood Economic Development Advocacy Project (NEDAP) for Union Settlement Federal Credit Union. NEDAP is a resource center that provides legal, technical, and policy support to community groups in New York City's low income communities and neighborhoods of color. NEDAP's mission is to promote community economic justice and eliminate discriminatory financial practices that harm communities and perpetuate inequality and poverty.

This study was prepared by Deyanira Del Rio. Community surveys were conducted by Joby Thoyalil, George Hsieh, Daniel Aranda and Mateo Bonilla, and results compiled by George Hsieh. Joby Thoyalil prepared the map of East Harlem financial institutions.

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PREPARED BY NEDAP FOR THE UNION SETTLEMENT FEDERAL CREDIT UNION
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EAST HARLEM COMMUNITY BANKING STUDY

I. INTRODUCTION

The Neighborhood Economic Development Advocacy Project (NEDAP) prepared this report for the Union Settlement Federal Credit Union, summarizing demographic and financial services patterns in East Harlem, NY.

Union Settlement FCU asked NEDAP to prepare this report in order to obtain information about current community demographics and market conditions in East Harlem. NEDAP conducted all research, mapping, surveying, translation and data analysis for this report.

The report includes the following sections:

- Overview of East Harlem community demographics
- Summary of findings from an East Harlem community banking survey
- A map of financial institutions in East Harlem

II. METHODOLOGY

Community Demographics: Neighborhood demographics were compiled using data from the 2000 U.S. Census. Data was obtained at census tract level for the following 26 census tracts in East Harlem: 152; 154; 156.01; 156.02; 158.01; 158.02; 160.01; 160.02; 162; 164; 166; 168; 170; 172.01; 172.02; 174.01; 174.02; 178; 180; 182; 184; 188; 192; 194; 196; 198.

Community Banking Survey: Between August and November 2005, NEDAP completed more than 100 surveys of people who live and/or work in East Harlem, defined as the area within Manhattan Community District 11. NEDAP conducted the surveys throughout East Harlem, although slight emphasis was placed on the area surrounding Union Settlement FCU. Surveyors adopted a range of approaches to reach a cross-section of neighborhood residents and employees: they conducted on-the-street interviews; surveyed staff and clients at various community-based organizations, including Union Settlement; and set up tables at parent-teacher conferences. Surveys were conducted verbally, in English and Spanish. *See Respondent Profiles on page 8.*

Map of East Harlem Financial Institutions: NEDAP prepared a map of financial institutions in Union Settlement FCU's field of membership. Check casher locations were obtained from the NYS Banking Department, which licenses check cashers. Credit union locations were obtained from the National Credit Union Administration. Bank branch locations were obtained from the Federal Deposit Insurance Corporation's Summary of Deposits data, available online.

III. EAST HARLEM DEMOGRAPHICS

According to the 2000 U.S. Census, the population of East Harlem is 139,209. Below is a summary of key community demographics.

POVERTY

Poverty status was determined for 135,561 East Harlem residents:

- 30% of residents live below the federal poverty level.
- 10 census tracts in East Harlem have poverty rates of 40% or more.
- 34% of those in poverty are 17 years of age or younger.

HOUSEHOLD INCOME

Of 56,991 total households:

- Almost 50% earn under \$30,000
 - 24% earn less than \$10,000
 - 14% earn \$10,000 - \$20,000
 - 11% earn \$20,000 - \$30,000
- 9% earn \$30,000 - \$40,000
- 8% earn \$40,000 - \$50,000
- 4% earn \$50,000-\$60,000
- 6% earn \$60,000 - \$75,000
- 7% earn \$75,000 - \$100,000
- 15% earn \$100,000 or more

INCOME SUPPORTS

Of 56,991 total households in East Harlem:

- 21.4% of households receive Social Security payments
- 12% of households receive Supplemental Security Income
- 11% of households receive public assistance income

EMPLOYMENT

Of 108,970 residents age 16 and over:

- 48% were employed
- 7% were unemployed
- 45% were not in labor force (not employed and not looking for work)

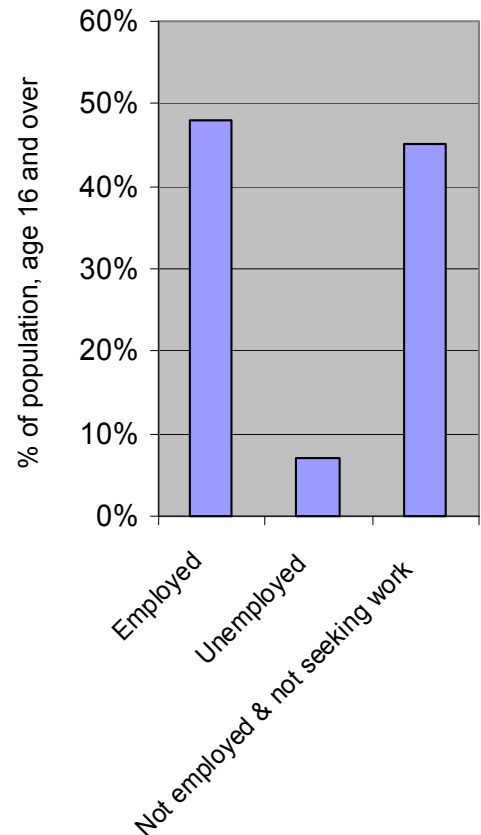
HOMEOWNERSHIP / RENTING

Of 56,890 occupied housing units:

- 88% are renter-occupied, and 12% are owner-occupied

30% of East Harlem residents live below the federal poverty level, with minors representing one in three residents living in poverty.

**Employment Patterns
in East Harlem**



RACE AND ETHNICITY

Of 139,209 total residents in East Harlem:

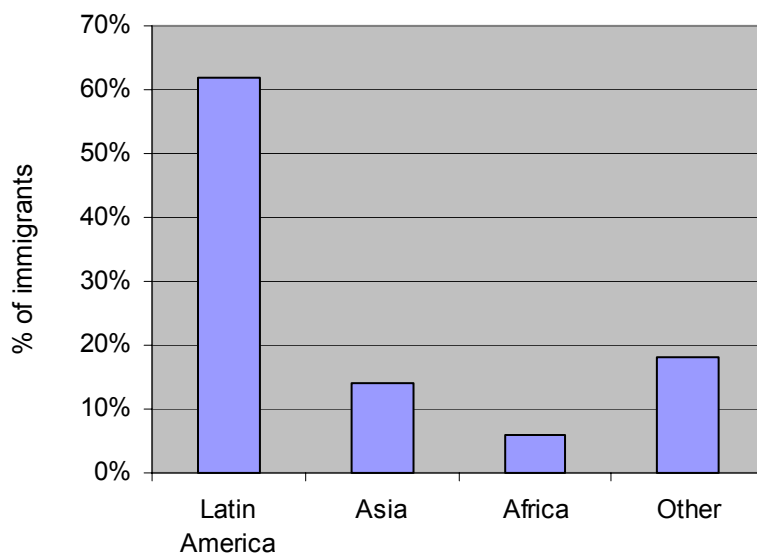
- 45% are of Hispanic ethnicity (of any race)
- 41% are White
- 29% are Black
- 4% are Asian
- 5% are multi-racial
- 12% of East Harlem residents were born in Puerto Rico

Mexican immigrants make up 26% of East Harlem's immigrant population, and 6% of all East Harlem residents.

IMMIGRATION

- 22% of East Harlem residents are immigrants
- 68% of immigrants in East Harlem are not citizens, and 32% have naturalized
- Of 30,970 immigrants counted by the 2000 Census:
 - 62% are from Latin America, with largest numbers from Mexico and the Dominican Republic
 - 26% (8,122) are from Mexico
 - 14% (4,250) are from the Dominican Republic
 - 17% (5,279) are from Asia
 - 14% (4,207) are from Europe
 - 6% (1,738) are from Africa

**Immigrants in East Harlem:
Where are Immigrants From?**



IV. COMMUNITY BANKING SURVEY

Following are key findings from a banking survey developed by NEDAP and conducted between August and November 2005 in East Harlem, NY. For a general overview of survey respondents, see page 8.

A. BANKING PATTERNS

- **Recognition of Union Settlement name is high.** 55 of 100 Respondents said they knew of USFCU, and 19 of these reported being members.
- **68% of people surveyed are “banked.”** In addition to 19 USFCU members, 49 respondents indicated they had accounts at a bank or credit union other than USFCU, while 32 people had no account.
- **USFCU members are disproportionately represented among survey respondents.** 17 survey respondents named USFCU as their primary financial institution—more than any other institution. Other banks named as primary institutions were: Chase (13); Citibank (7); Washington Mutual (6); HSBC (5); Banco Popular and Ponce de Leon (4 each).
- **USFCU retained members longer than banks.** Respondents have been “banked” at their bank/credit union for an average of 9 years. Among USFCU members, the average is 13.4 years, with six respondents reporting being members for 20 years or more.
- **Proximity to home is #1 reason for choosing banks/credit unions.** When asked what made them choose their bank/credit union, 44% of respondents cited closeness to home (with 30% citing this as the only reason), followed by low fees (19%); recommendations from family/friends (15%); and customer service (13%). (62 total respondents.)
See Fig. 1.
- **One in four respondents uses multiple financial institutions.** 24% of account holders (16 people, including 7 USFCU members) reported having accounts at more than one bank/credit union. Reasons given included convenience, having a pre-existing savings or checking account, and maintaining separate accounts for family vs. individual needs.

Union Settlement FCU members are “banked” at USFCU for an average of 13.4 years - longer than at other banks/credit unions.

Proximity to home is #1 reason people choose their bank / credit union, followed by low fees.

- **Basic banking services are most commonly used.** Almost all respondents reported using savings and checking accounts and ATM service at their primary financial institution. 17% had personal loans – half of which received them from USFCU. (70 total respondents.)
- **Most respondents seek credit from their primary financial institution.** 15 respondents reported applying for a loan or credit card recently. Having an account with the financial institution was the #1 reason people chose a lender, with 66% seeking loans and/or credit cards from their primary bank/credit union.
- **Basic credit products are most popular.** Of those with recent loans, 12 had personal loans (including 4 USFCU members); 8 reported having at least one credit card. Three respondents, including two USFCU members, said they had recently taken out a tax refund anticipation loan.

One in four respondents has accounts at multiple banks / credit unions.

Fig. 1: Reasons people chose their bank/credit union

Reasons for choosing	# of Responses
Closeness to home	27
Low fees	12
Family/Friends use it	9
Customer service	8
Good reputation / Reliable	6
Bilingual services	4
Connections to work	4
Too much hassle to switch	3
Lots of services	3
The following reasons were given by one respondent each: Previous bank was taken over; Bank had locations in other states; Perception that more Latinos use this bank (Banco Popular); Disability services (USFCU); Bank gave them loan when others wouldn't (Chemical, now Chase); Open 7 days/week (Wash. Mutual).	

B. SATISFACTION WITH BANKING SERVICES

- **Convenient hours and locations top list of desired services.** When asked what services they wished their bank/credit union offered, 40% of respondents said better hours, followed by more ATMs (37%); emergency loans (21%); and online banking (19%). (43 total respondents.) *See Fig. 2.*

One in five respondents thinks they are charged excessively high fees by their bank / credit union.

Fig. 2: Services Desired by “Banked” Respondents

Desired Services	# of Responses
Better hours	17
More ATMs	16
Emergency loans	9
Online banking	8
Financial education	6
Retirement accounts	5
Bill payment	4

The following responses were given by one respondent each: More tellers; Better customer service; Lower interest rates on loans; Higher interest on accounts.

- Responses from USFCU members were similar to those from the overall pool: **emergency loans** and **better hours** were the most requested services.
- **One in five respondents think they are charged high fees.** 22% of those with accounts thought the fees charged by their bank/credit union were too high (including three USFCU members).
- **Switching behavior is minimal among survey respondents.** Six respondents switched banks in the past two years. None switched to or from Union Settlement. Three people switched to Washington Mutual or Commerce for cheaper accounts/free checking. Two people switched because they moved; one found a more convenient bank.

C. PEOPLE WITHOUT ACCOUNTS

- **Most “unbanked” survey participants have had past experiences with banks and credit unions.** Of 32 respondents without an account, nearly half (15) had an account in the past.
- **Cost concerns are the primary reason for not using banks/credit unions.** 60% of respondents said banks were too expensive, they didn’t have enough money, or they were unemployed. Several respondents listed more than one reason for not having an account. **See Fig. 3.**

Fig. 3: Reasons People Do Not Have Accounts

Reasons Given	# of Responses
Too expensive / Don't have enough money	15
Don't have a job right now	4
Problems with past accounts	4
No banks near home	2
Don't have enough identification	2
The following responses were given by one respondent each: Just released from prison; Language barriers; Inconvenient hours; Unfairness of banks; Husband has account; Owes money/fears garnishment.	

D. CHECK CASHERS / MONEY TRANSMITTERS

- **Check casher use is high among banked and unbanked.** 58% of all survey respondents reported using check cashers, including 52% of those with bank or credit union accounts.
- **Most report using multiple services at check cashers.** In addition to cashing checks, which 64% did, people reported using check cashers to: buy money orders (62%); pay bills (53%); and send international money transfers (24%).
- **Almost all remittance senders state they would switch to a cheaper option if available at a credit union.** 22% of survey respondents reported sending money internationally, with 64% of senders using Western Union. Only one person reported using a bank (Banco Popular). When asked if they would use a cheaper remittance service offered by a credit union, 91% of respondents said they would.

Check casher use is high among both unbanked and banked in East Harlem.

E. SURVEY RESPONDENT PROFILES

The following is a summary of age, income, language abilities and race/ethnicity of individuals surveyed, as self-described by survey respondents.

A. All Survey Respondents

- 19% are members of the Credit Union; 49% have accounts elsewhere.
- 32% do not have a bank or credit union account.
- The majority of respondents are Latino (63.3%), followed by African American (27%) and White (2%).
- 25% earn less than \$8,000 annually, and 43% earn \$17,000 - \$32,000.
- Around 50% are between the ages of 31-49.
- 59% report speaking only English, while 20% speak Spanish only and 20% are bilingual Spanish/English.

B. Union Settlement FCU Members

- 53% are Latino and 42% are African American.
- Members are evenly distributed among low, middle and upper income ranges.
- 90% are above 31 years of age, and half are older than 50.
- 68% speak only English, while 21% speak only Spanish, and 11% are bilingual.





C. Account Holders from other Banks

- 60% are Latino and 25% are African American.
- The majority falls within the \$17,000-\$32,000 income range.
- 57% are between the ages of 18-40, and 27% are over 50.
- 60% speak only English; 40% speak Spanish.

D. People without Accounts

- 75% are Latino and 20% are African American.
- 50% of this population earns less than \$8,000 a year.
- 40% are within the ages of 40-49, and 20% are under 30.
- Half speaks English; the other half speaks Spanish.

UNION SETTLEMENT FEDERAL CREDIT UNION FIELD OF MEMBERSHIP

-  Union Settlement FCU
 -  Credit Union (1)
 -  Bank Branches (11)
 -  Check Cashing Outlets (16)
- (as of February 2005)

