



ABI Associazione
Bancaria
Italiana

CeSPI
Centro Studi di Politica Internazionale

EUROPEAN LABORATORY ON FINANCIAL INCLUSION

Demand-side survey:

Analysis of the financial and insurance needs of immigrants in Italy

Research Team:

ABI: *Chiara Provasoli, Angela Tanno and Gianna Zappi*
CeSPI: *Sebastiano Ceschi, Elisenda Estruch, Daniele Frigeri,*
Giulio Giangaspero and Alberto Mazzali

Research coordinators:

José Luis Ribi-Sausi, (Director, CeSPI) and *Marco Zupi* (Deputy Director, CeSPI)

The survey was conducted with contributions from:

AXA MPS Assicurazioni Vita, Banca Nazionale del Lavoro – Gruppo BNP Paribas, Banca Sella, Consorzio Patti Chiari - ABI, Fondazione Unipolis, Gruppo Bancario Banco Popolare, Intesa San Paolo, Unione di Banche Italiane – UBI

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Background to the research

The relationship between migrants and banks in Italy is emerging as an area of great interest, attracting the attention of public institutions as well as the business and finance world. This has led to a series of initiatives aimed at increasing comprehension and knowledge of the financial behaviours of migrants. So far, as we now have an increasingly more detailed picture of the various issues and problem areas linked to the financial inclusion of migrants in Italy, we should now be able to provide more in-depth knowledge and information regarding the relationship between banks and migrants.

The previous work done provided the backdrop for this 2007 ABI-CeSPI research. The aim of the latter effort was to build and expand on the research conducted in 2003-2004 on the banking sector and its relationship with migrant clients¹, and a survey conducted in 2005-2006 on banking strategies and products/services targeting the “new Italians”². The intention was to strengthen the knowledge, awareness and effectiveness of Italian banks and, more generally, of the national political and scientific framework vis-à-vis this growing segment of the population and current and potential client base.

The information now presented provides an overview of the results of the recent research conducted by ABI and CeSPI. Specifically, the results come from two separate but complementary studies, both conducted during the second half of 2007:

- a survey of all commercial banks affiliated with ABI (the Italian Banking Association) regarding the number of migrants that are clients of the individual banks and the particular characteristics of this migrant clientele. By means of a questionnaire sent to the head offices of the banks, information and figures relating to 63.7% of all bank branches operating within Italy were collected, with the aim of gauging the level of bankarization of migrants and their banking practices as recorded on the supply side; and
- a sample survey carried out using an in-depth questionnaire given to 1374 migrants, both banked and unbanked, belonging to ten different nationalities and living in five Italian urban areas. The territories covered were: the Milan metropolitan area, the municipalities of Brescia, Perugia and Palermo and a municipal district of Rome (a description of the methodology used will be attached to the published research). The analytical scope of this survey was intentionally wide and comprehensive, and covered social

¹ Ceschi S. and Rhi-Sausi J. L., *Banche italiane e clientela immigrata. Rimesse, risparmio e credito: le iniziative in atto e le prospettive di crescita*, CeSPI, Bancaria Editrice, Rome, 2004.

² Rhi-Sausi, J. L. and Zappi, G., *La bancarizzazione dei "nuovi italiani". Strategie e prodotti delle banche per l'inclusione finanziaria*, Bancaria Editrice, ABI, Rome, 2006.

and demographic details of the migrants, details of their integration within Italian society and their immigration strategy, their relationship with their country of origin, their motives for accessing banking services and the related modes of access (or lack thereof), the issue of savings and remittances, their varied usage of different banking and credit services, their relationship with insurance products and, in the final section, feedback on certain aspects of their relationship with their bank and perceived areas for improvement. The aim was to take a snapshot of the perceptions and practices of current and potential migrant bank users, while reflecting on processes of financial inclusion within the context of the wider dynamics of social inclusion in Italy.

This report analyses several of these aspects and presents significant preliminary results flowing from both these studies which differ in terms of their goals, fields of enquiry and methodologies. Indeed, while the research conducted on the banks provides us with “clear” figures and findings which are more or less uniform and general in nature, the sample survey conducted among migrants included both clients and non-clients, thus providing a wider cross-section of the migrant community and a large range of analytical possibilities notwithstanding the fact that the sample was confined to certain local areas and large national groups of migrants residing there.

The growing bankarization of migrants in Italy

The first major area of study was naturally the process of financial inclusion of migrants within the Italian banking system, its quantitative and qualitative extent and the factors determining this trend. In relation to these fundamental issues, the information on the supply side (provided by the banks) and on the demand side (collected through interviews with migrants) provides some significant findings regarding the number of migrants who hold Italian current accounts, the national, social and territorial characteristics of the bankarization trend and the reasons why migrants are turning to banks.

Given the figures provided by the banks in 2007, and comparing them with data collected in the 2005 survey, it is possible to discern a rise in the percentage of the non-OECD banked adult migrant population as against the total number of non-OECD adult migrants resident in Italy³ from 60% (in 2005) to 67% (in 2007).

³ The category of non-OECD adult migrants is not comparable to the total number of people with permits of stay, which is a greater absolute number and corresponds more to the total bankable population, but is less reliable and contains less disaggregated information.

Table 1 – Estimated number of migrant current account holders and bankarization rate

	2005	2007
Estimated number of migrant current account holders	1,058,000	1,410,000
Banked migrants as a percentage of the total number of non-OECD adult migrants	60.0%	67.0%

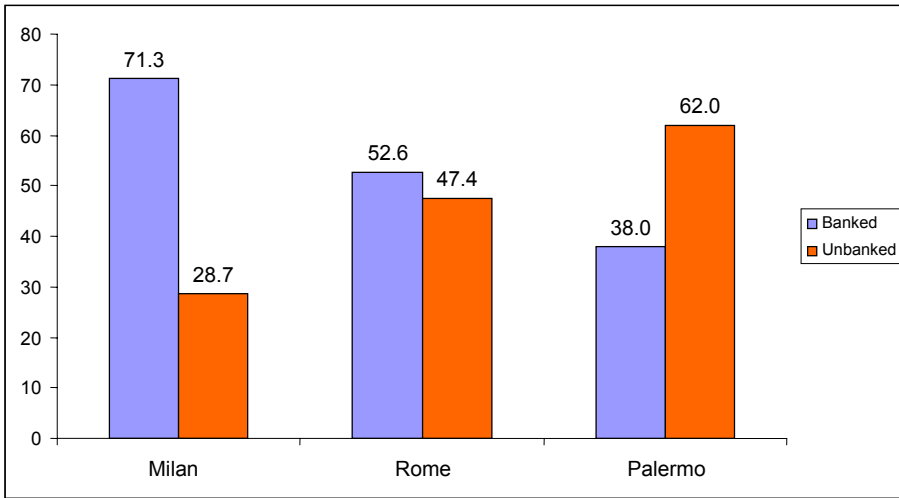
The figures hence show **an increase in the bankarization rate** with respect to the previous two years before. The number of migrants with a current account **rose by 352,000 in two years** (from 1,058,000 to 1,410,000), **going from 60% to 67% of the total number of resident migrants from non-OECD countries**. If we compare the increase in the resident migrant population in Italy, we find that during 2005-2007 this number rose from 1,752,694 non-OECD residents (in December 2004) to 2,119,188 (in December 2006), representing a 20.9% increase.⁴ Thus, the rise in the bankarization rate is higher than the percentage increase in the migrant population, although the two figures cannot be compared linearly given that they refer to time periods that are staggered by 6 months. In short, the migrant bankarization process in Italy has undergone a sharp rise.

Hence, two dynamics can be inferred. The first is a strong correlation between the time lived in the country and the bankarization process (considered later on in this report). Consequently, the fact that the majority of the migrant population has lived in Italy for more than five years is a factor which tends to contribute favourably to bankarization. Secondly, migrants and banks have intensified their mutual relations and the process of financial inclusion has been given a boost due to the greater efforts undertaken by Italian banks vis-à-vis migrant clients.

This bankarization process is not uniform and seems to result from the interaction of various factors. **The first differentiating factor is the territory where the migrant resides**. Indeed, the diverse production, economic and social contexts that exist in Italy have a strong impact on the relationship between banks and locally-resident migrants. For instance, our research revealed a great difference in bankarization rates for migrants resident in Milan, Rome and Palermo, as the graph below indicates.

⁴ Data are underestimated - because BancoPosta accounts are not included, and slightly overestimated - because accounts are considered as analysis' units, so that a migrant with more than one account is counted more times. BancoPosta is the financial branch of Poste Italiane (the Italian postal service company).

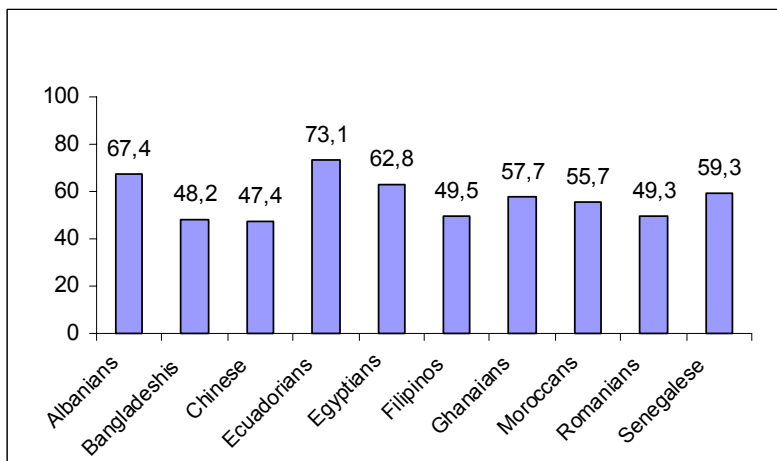
Figure 1 – Percentage of banked and unbanked migrants in Milan, Rome and Palermo



These figures further indicate that **the territorial factor also has an impact within national groupings of migrants**. For instance, the bankarization rate for Moroccans in Milan is 79.2%, while the corresponding figure for Palermo is 41.3%. Likewise, the percentage of banked Romanians in Milan (71.2%) is higher than that in Perugia (51.1%) and Rome (45.3%).

However, on an aggregated level, the nationality factor also has an impact in determining levels of recourse to banks. Indeed, a comparison of the various nationalities of the migrants surveyed reveals very different bankarization rates.

Figure 2 – Percentage of banked migrants: breakdown of sample by nationality



These differences may be due to the demand characteristics of the various migrant national groups (such as ability to save, length of time in Italy, previous banking experiences, the level of community cohesion, the presence of banks from the country of origin and the number of entrepreneurs), but also to supply characteristics (such as the interest shown by Italian banks in specific national groups and the existence of products tailored to their needs).⁵

In our sample, even the gender factor emerged as influential on bankarization. Indeed, on average there was a **ten percentage-point difference between the number of male and female** migrant current account holders (men came in at 60.4% as opposed to 50.4% for women), notwithstanding the fact that numerically, men and women are almost equally represented in terms of migrants living in Italy. The reasons for this difference are still being studied and several variables need to be taken into account. One such factor is the gender representation in each national group. There is a strong correlation between higher female bankarization and a greater number of females living in Italy. For instance, the Ecuadorian and Romanian communities have higher rates of female bankarization than male (+9% and +4% respectively), while those that are predominantly male, such as the Egyptian, Senegalese and Moroccan communities, demonstrate lower female bankarization rates (29%, 26% and 19% respectively). The likely explanation is that the higher the number of females or males, as the case may be, the greater the role played by that gender in terms of social integration and income-earning. The length of time lived in the country also impacts this figure, as does the abovementioned territorial factor. As previously stated, however, these issues require further analysis.

It is interesting to note that the level of bankarization does not appear to be significantly linked with the level of education of migrants, with **bankarization rates of people with different levels of education being almost the same**. This is probably due to the “waste of talent” phenomenon, in the sense that immigrants with higher levels of education do not find employment at a corresponding level in Italy, so that their income and financial behaviour do not depend on their educational profile rather on employment status⁶. There is, however, a clearer and rather significant correlation between bankarization in Italy and previous banking status in the country of origin. The table below shows that those with a current account in their country of origin are more than twice as likely to establish a banking relationship once they arrive in Italy and that, inversely, those that have not had contact with banks in their homelands are 10% more likely not to engage with banks in Italy either.

⁵ The supply side survey indicates that banking groups' market strategies are targeting the largest migrant communities in Italy, such as Romanians, Albanians, Chinese and Moroccans.

⁶ Employment status (and salary) not corresponding to educational profile, though substantially affecting migrants, is a national-wide characteristic of the Italian labour market.

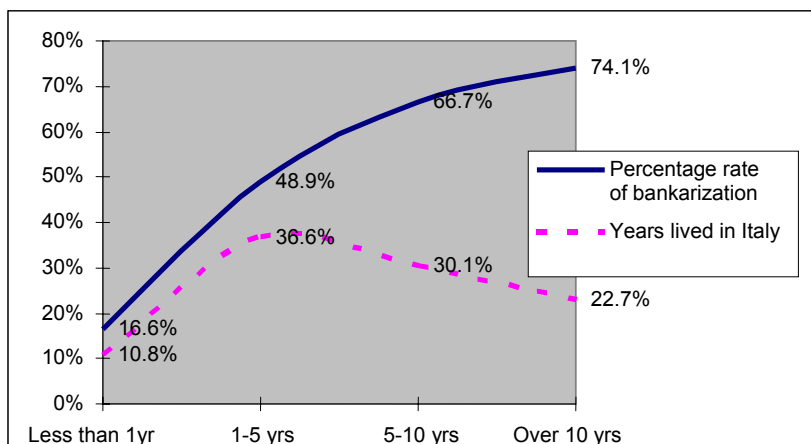
Table 2 – Correlation between banking status before and after coming to Italy

		In Italy		Total %
		Banked	Unbanked	
In country of origin	Banked	68,6%	31,4%	100,0%
	Unbanked	45,5%	54,5%	100,0%

This means that, more so than education levels, **previous familiarity with banking** in the country of origin seems to play a significant role in the migrant’s choice to establish a significant banking relationship in the country of destination.

However, **almost certainly the most decisive factor in the bankarization of migrants is the length of time that they have lived in Italy.** Looking at the different durations of stay of those in our sample, the figures show a big difference in the rates of bankarization and a direct correlation between time lived in Italy and the likelihood of the migrant being a current account holder. The graph below shows **the increased trend towards bankarization the longer the migrant has lived in Italy.**

Figure 3 – Increase in bankarization compared to years lived in Italy



The progressive increase in the bankarization of migrants can be attributed to the improvement in their employment status and greater employment security. Examining the percentages of banked migrants across the various types of employment status (employee, self-employed and off-the-books) and the various types of employment contracts, on average there appears to be a higher rate of bankarization in the case of **employees with open-ended contracts (70.5%), regular self-employed workers (69.6%) and project-based contract workers (67.7%)**. On the other hand, the levels of bankarization fall in the case of more precarious contractual arrangements (such as seasonal work and occasional freelance work) and fall sharply in the case of off-the-book workers (35.1%) and unemployed migrants (36.1%).

Table 3 – Employment and banking status

	Banked	Unbanked
Employee	61.0%	39.0%
Open-ended contract	70.5%	29.5%
Fixed-term contract	60.1%	39.9%
Project-based contract	67.7%	32.3%
Seasonal worker	45.8%	54.2%
Occasional freelancer	48.6%	51.4%
Self-employed	69.6%	30.4%
Off-the-books	35.1%	64.9%
Unemployed	36.1%	63.9%

Employment thus emerges as an important factor in the financial inclusion process involving migrants and is the main vehicle for bankarization, further confirmed by the reasons interviewed migrants gave for having opened a current account.

Table 4 – Reasons for opening a current account

To have a salary paid in	52.3%
For security reasons	40.9%
To save	39.0%
To get access to credit	28.6%
Habit/convenience	13.8%
To send money home	9.3%
Because my income has increased	3.4%
Because I've changed my residence/I've moved here	0.7%
Because I changed jobs	0.5%
Other	2.0%

The need to have a salary paid in ranks as the top reason for opening an account (52.3%), followed by the wish to keep money in a safe place (40.9%) and the chance to save (39.0%). Interesting to note, as already mentioned in the 2005 survey, is that the need to send money back to the country of origin appears to have little sway over the decision to establish relations with a bank.

Also worth noting are the responses to the question regarding why migrants choose not to establish a banking relationship, which highlight that the reasons are fundamentally linked to the particular circumstances of the migrant (including, “I don’t need one” and “I don’t earn enough”, which overall made up 71.8% of the responses), while those reasons more directly attributable to difficulties in accessing banking services do not seem to be predominantly influential (including “I don’t meet their requirements”, “it costs too much” and “I had difficulties in dealing with their staff”, which were featured in only 16.7% of responses). **Thus the reasons for not accessing banking services seem more linked to problems with saving and the marginal and/or illegal situation of the migrant in terms of work placement and social inclusion, and to the perception of the banking system as a provider of products and services to those with disposable income and savings rather than as providing an opportunity to start and ease the process of economic and financial inclusion.**

Table 5 – Reasons for not opening a current account

I don't need one	37.8%
I don't earn enough	34.0%
I don't meet their requirements	9.3%
It costs too much	7.2%
I don't trust the banks or BancoPosta	6.1%
I'm afraid of getting into debt	1.2%
I had difficulties in dealing with their staff	0.2%
Other	4.0%

Finally, as Poste Italiane has become an important actor in the financial services area (see note no. 4), we have also investigated the reasons for opening an account with this operator. The main reasons given by the interviewees are significant: the most important factors for choosing BancoPosta are closely linked to simple and transparent services (39.8%), reduced costs (37.6%) and the ease with which an account can be opened (32.6%). Nevertheless, factors including proximity of branches (21.3%) and convenient opening hours (19.9%) carried some weight, while the costs associated with sending money abroad once again was less influential over whether or not to open an account.

Table 6 – Reasons for opening an account with BancoPosta

Because of the simplicity of the relationship	39.8%
Because of the better terms for deposits and withdrawals	37.6%
Because of the reduced amount of documents required	32.6%
Because of the proximity of branches	21.3%
Because of the better branch opening hours	19.9%
Because of the terms for sending money abroad	11.3%
Other	7.8%

In summary, in the view of migrants, **private banks seem to entail a greater guarantee of security and soundness for savings**, which may be due to the greater confidence placed in private institutions as opposed to state-owned organisations by many foreign nationals who have had past experiences with weak and unstable public institutions. Two factors seem to be decisive for what is still a large number of migrants who fail to establish a banking relationship: difficulties in saving (a national problem in Italy),

which migrants suffer from in an even more dramatic manner than do the precarious segments of the Italian population; and an employment status bereft of stability, regularity or sufficient degree of formalisation that would warrant the opening of an account. Finally, **the preference for a BancoPosta account appears to be markedly influenced by rational and practical considerations, including: lower costs, a widespread network of branches, the greater simplicity of the relationship and longer opening hours.**

Remittances

In 2006, according to figures from the UIC (the Italian Exchange Controls Office), remittances sent from Italy by migrants totalled 4.35 billion euro. The figure for the three-year period 2004-2006, the only period with uniform figures in terms of the quantification methods used by the UIC, is 10.9 million euro. On the basis of ISTAT - Italy's National Institute of Statistics - figures, during 2006 every adult migrant in Italy sent an average of about 1,900 euro back to their country of origin, a little less than 160 euro a month.⁷

Table 7 – Remittances and adult migrant population resident in Italy

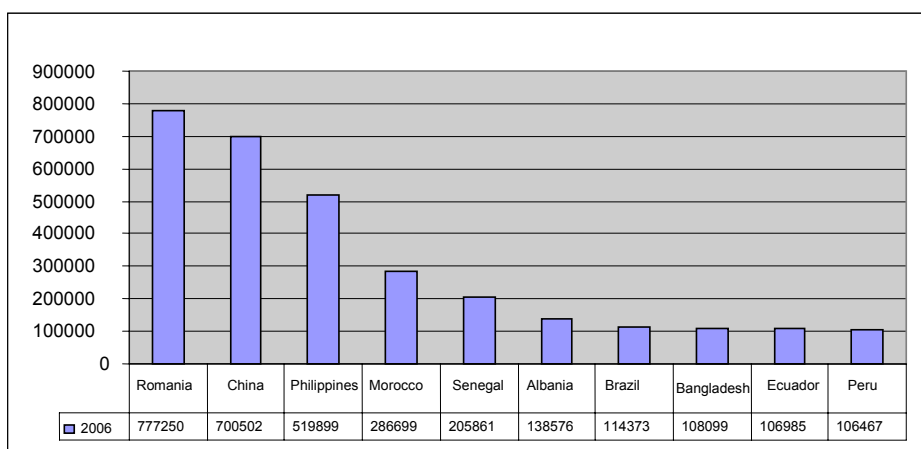
	2004	2005	2006
Remittances in thousands of euro	2,706,106	3,900,793	4,354,555
% change	-	44.1%	11.6%
Adult migrant resident population	1,900,365	2,085,018	2,273,297
% change in total migrant population	20.7%	11.2%	10.1%

Prepared by CeSPI on the basis of UIC and ISTAT figures

In 2006, Romania was the most popular destination country for remittances sent from Italy, with the amount sent totalling over 770 million euro. Next was China with around 700 million euro, the Philippines with 500 million euro, Morocco with around 290 million euro and Senegal at 200 million euro. The amount of remittances sent to Albania was 138 million euro while those sent to Bangladesh and Ecuador were about 100 million euro each.

⁷ For further details, see José Luis Rhi-Sausi, "Dall'Italia con amore: le rimesse dei migranti, un business enorme", in *Limes* issue no. 4, 2007.

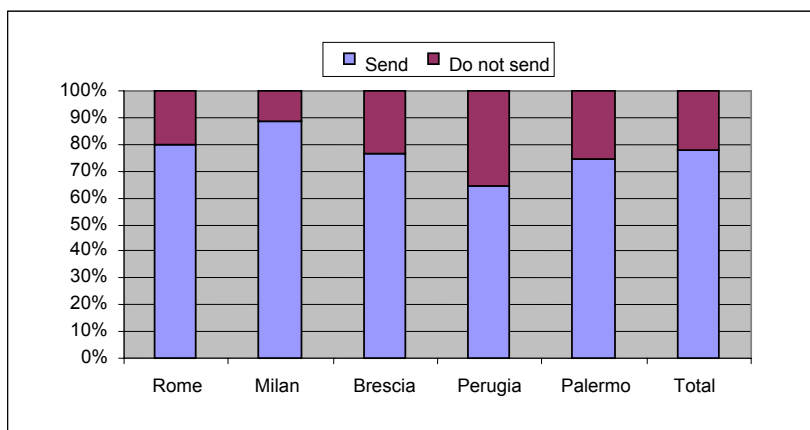
Figure 4 - Remittances sent from Italy - Top 10 destination countries (2006)
(in thousands of euro)



Prepared by CeSPI on the basis of UIC figures

The official figures cited above, which as widely known only partially capture the real flows of money transferred by migrants, demonstrate that sending remittances back to one's country of origin is an extremely widespread practice. Our survey showed that **77.6% of the migrants interviewed sent money to their country of origin**, an average figure calculated on the basis of aggregated data for the five Italian territories covered by the survey.

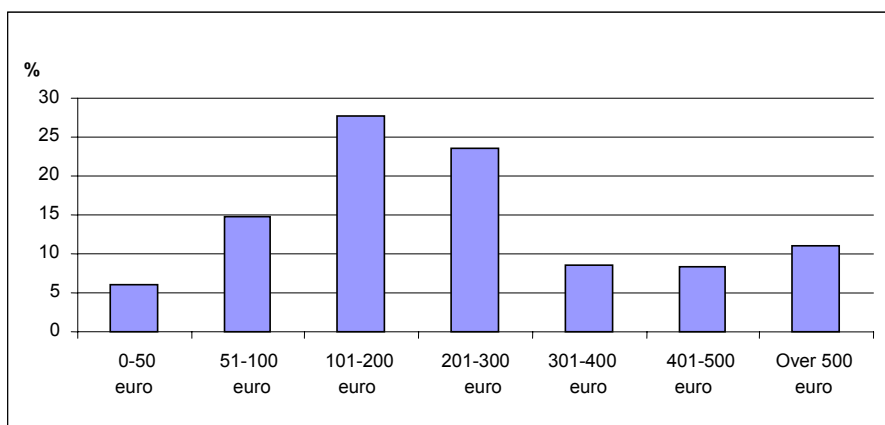
Figure 5 – Percentage of migrants who send remittances (broken down by territory)



Within the sample, there are **also differences in figures depending on the nationality of migrants**, which in turn demonstrate internal variations according, as already noted with respect to bankarization rates, to the area of residence. Hence, at the top of the list of migrant communities who send remittances are Moroccans and Chinese in the Milan area, Filipinos in Rome and Senegalese and Ecuadorians in Milan (with 90% sending remittances). At the bottom of the list are Albanians in Brescia (60.6%) and Romanians (54.5%) and Albanians (45.5%) in Perugia. There are, however, no significant gender differences in terms of the sending or not sending of remittances in any of the cities covered by the survey.

The migrants surveyed were asked to indicate the average amount of money sent each time. In over 51.2% of cases, those interviewed specified sums between 101 and 300 euro, and in 27.6% of cases, they specified between 101 and 200 euro.

Figure 6 – Average amount of remittances sent (per transaction)



In terms of the frequency of sending, leaving aside the differences that emerged between the various surveyed territories, the majority of migrants sent money at least once every 2-3 months (63.9% of those surveyed). 38.4% of those surveyed effected at least one transfer a month (32% once a month, 6.4% more than once a month). This clearly demonstrates that sending remittances to the country of origin is an extremely frequent and widespread practice and hence, efficient and reliable instruments to transfer such resources represent a primary need for migrants.

Table 8 – Average frequency of remittance sending (breakdown of sample by nationality)

	More than once a month	Once a month	Every 2-3 months	2-3 times a year	Once a year	Less than once a year
Filipino	6.8	54.5	23.9	9.1	2.3	3.4
Senegalese	8.3	41.7	20.8	16.7	9.7	2.8
Ecuadorian	4.7	50.0	19.8	16.0	3.8	5.7
Moroccan	2.6	25.9	26.9	24.9	11.4	8.3
Ghanaian	3.6	43.4	36.1	8.4	2.4	6.0
Romanian	12.7	30.9	30.3	18.8	3.0	4.2
Bangladeshi	6.1	11.2	32.7	35.7	10.2	4.1
Chinese	3.7	8.5	18.3	31.7	22.0	15.9
Egyptian	8.0	30.4	17.6	20.8	12.0	11.2
Albanian	7.1	27.1	27.1	21.4	7.1	10.0

Looking at the detail of remittances sent according to nationality, the amount of money sent in the majority of cases is the same as that which emerges from the aggregated figures, namely between 101-200 euro.

The only exception are Filipinos and Egyptians, more of whom fall within the 201-300 euro bracket, and Chinese, who clearly prefer sending money less frequently but in much more substantial amounts.

Table 9 – Average amount of remittances sent per transaction (breakdown of sample by nationality)

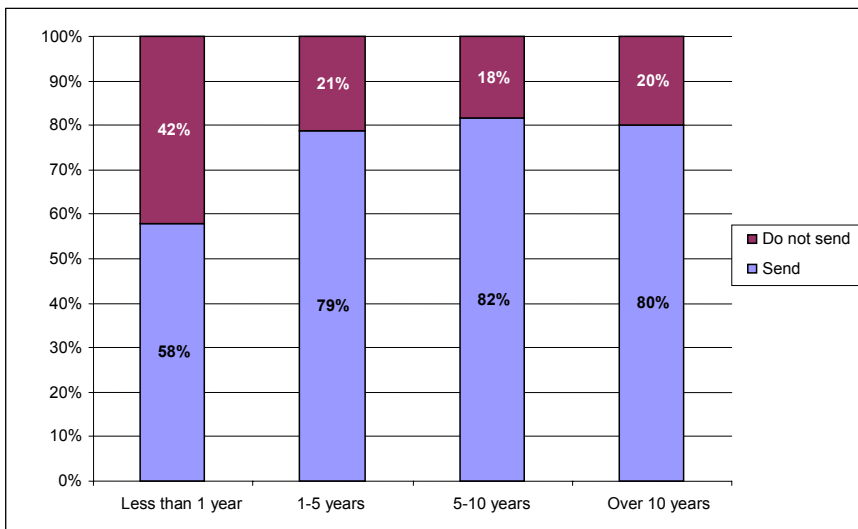
	0-50 euro	51-100 euro	101-200 euro	201-300 euro	301-400 euro	401-500 euro	Over 500 euro
Filipino	8.4	9.6	20.5	34.9	8.4	4.8	13.3
Senegalese	0.0	14.1	34.4	31.3	7.8	9.4	3.1
Ecuadorian	4.0	29.3	29.3	16.2	11.1	7.1	3.0
Moroccan	4.6	16.0	34.3	23.4	9.1	7.4	5.1
Ghanaian	18.3	25.6	29.3	17.1	1.2	4.9	3.7
Romanian	3.4	11.4	31.5	26.8	6.0	8.1	12.8

Bangladeshi	10.2	13.3	24.5	22.4	8.2	15.3	6.1
Chinese	2.2	4.4	0.0	0.0	2.2	11.1	80.0
Egyptian	5.8	10.6	21.2	30.8	15.4	6.7	9.6
Albanian	1.5	6.1	33.3	21.2	13.6	12.1	12.1

Looking at the differences in behaviour between men and women, there is a greater frequency of sending on the part of the females surveyed. In this regard, other factors should be taken into account. On the sending side, employment and income disparities between men and women could explain differences in remitting patterns. On the receiving side, there may be differences on the final use of remittances, as women seem to send money more often to support educational, health and welfare costs compared to men, and these types of expenses usually need to be paid more frequently. Also, we should consider the greater need felt by women to compensate for the emotional void experienced by their families in the country of origin as a result of their migration. As said, all these elements would require further research.

What is particularly interesting is that it appears that **money transfers do not tend to significantly decrease the longer the migrant stays**. Rather, **migrants continue to repatriate financial resources even beyond their tenth year of stay in Italy**.

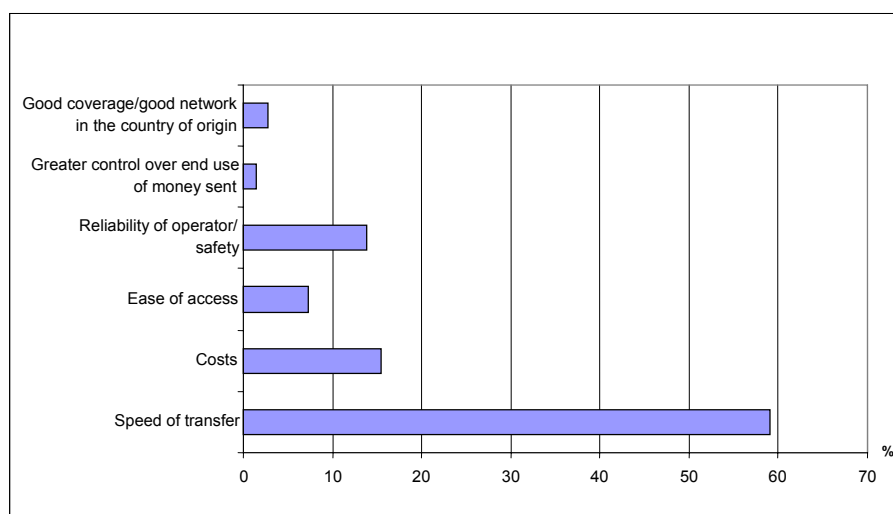
Figure 7 – Length of migrants’ stay in Italy and remittance sending



Finally, some considerations about the channels used to remit also arise from the survey, an analysis of the data confirms that **migrants have a preference for using money transfer agencies** for sending remittances. Indeed, 46% of respondents stated they regularly use agencies to send money to their country of origin. The use of informal channels also remains significant (32%), including resort to relatives and friends, informal systems (which require payment for the service) or transfers effected personally by migrants when visiting their country of origin. Banks were utilised by 20% of respondents.

The reasons put forward by migrants for choosing a particular method for transferring remittances highlights the importance placed on the **speed of transfer**. Indeed, for almost 60% of respondents, this was the deciding factor, much more so than transfer costs or reliability/safety of a particular operator, which were cited as more significant factors by 15% and 13% respectively of those surveyed. In short, certain characteristics of the services offered by money transfer agencies, including the speed of transfer, flexible opening hours and the reduction of costs in recent years, go a long way towards explaining the reasons for the preference accorded to agencies by migrants.

Figure 8 – Reasons for choosing a particular money transfer method

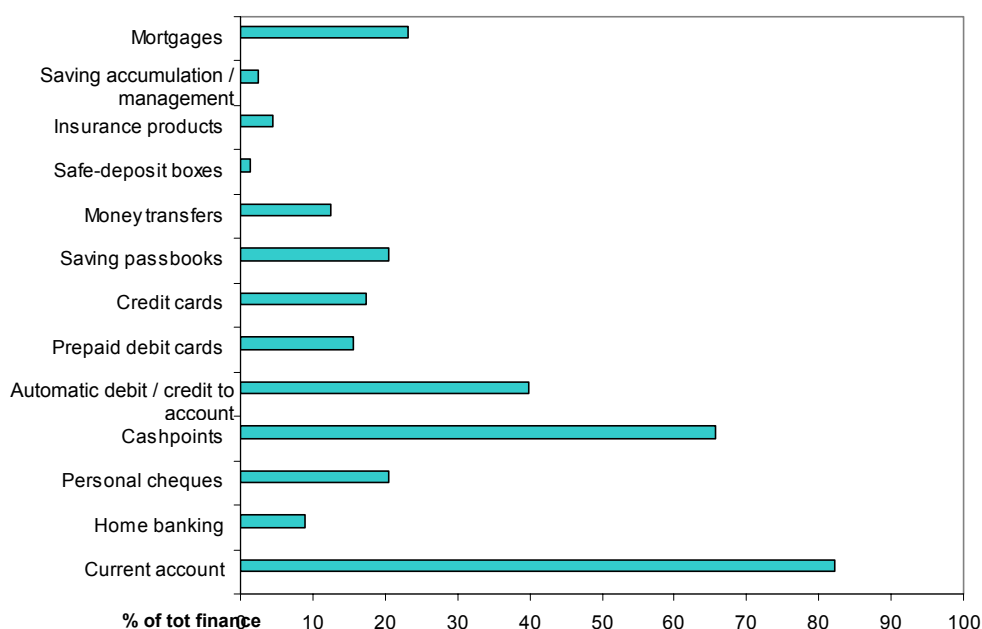


Banking services

The sample survey also contained a section addressing the use of banking services by migrants. In terms of the extent of use of services, over 80% of banked migrants interviewed used a current account, 65% used cash-points and around 40% had salaries credited and utility bills debited to their accounts. Credit-related products (including home and personal loans) were used by 23% of banked migrants and around 20% used personal cheques and savings passbooks.

In short, the survey revealed that banked immigrants are typically and predominantly **mass-market clients who use basic financial services**. Nevertheless, in analysing the data according to the nationalities included in the sample, certain differences become evident between the various national groups. In particular, there is a generally low level of use of banking services by Bangladeshi and Chinese migrants. Ecuadorians, on the other hand, demonstrate higher levels of home banking usage, while immigrants from the two sub-Saharan African countries covered by the survey (Senegal and Ghana) are characterised by a higher than average usage of nearly all banking products, particularly those related to current accounts and credit cards. Finally, Egyptians demonstrated a higher than average use of more advanced banking products.

Figure 9 - Percentage use of certain banking services by immigrant clients of banks



In terms of gender, the degree of use of most services was essentially the same, except home banking services which women seem to use slightly more. Women also have more of a tendency to use savings passbooks (23% for women compared to 19% for men), prepaid debit cards (17% as against 14.8%) and money transfers (13.7% as opposed to 11.8%). Hence, the figures seem to confirm that **women are generally entrusted with the management of everyday expenses and family savings** (in many cases,

these are also working women), while men attend to the management of extraordinary expenses, such as applications for home loans.

As far as **the duration of the migrant's stay** is concerned, the figures confirm that the longer the migrant has lived in Italy the higher the degree of use of all banking products, particularly more advanced ones. However, some fresh insights do emerge from the data. For instance, the use of current accounts appears to be already significant from the first year of residence (71%). This along with the extent of automatic crediting of salaries to accounts confirm that employment is one of the main driving factors of the decision to open a current account. Not unsurprisingly, home loan products are utilised more the longer the migrant has lived in Italy, with percentage use exceeding 20% in the highest length-of-stay bracket.

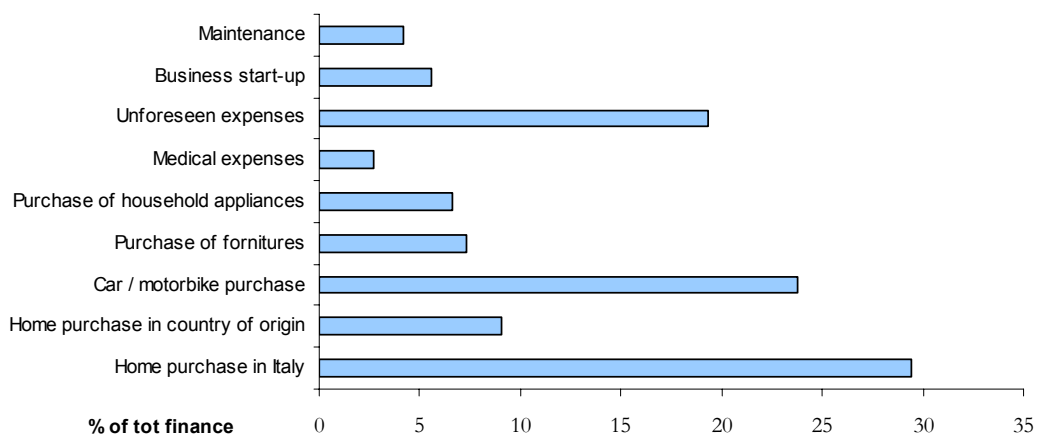
In terms of whether the supply of products/services by banks meets the demand from migrants, there is a lower level of **correspondence between the take-up of products/services and those on offer** as the level of complexity of products increases.

Access to credit

The component of the research that dealt with the credit profile of migrants surveyed yielded some interesting findings. Regarding **ongoing finance arrangements**, 54% of respondents had accessed finance from a bank, 27% from a finance company and around 12% from family and friends. Migrants who asked for loans from banks did so predominantly for the purpose of buying a home (90% of home loans were with banks) or to take out a personal loan (41% of all personal loans were obtained from banks). Finance companies were mainly used to obtain personal loans (representing 35% of all personal loans) and hire purchase facilities (44% of all hire-purchase arrangements). Finally, 33% of respondents dealt directly with storeowners in order to obtain a hire-purchase facility.

As regards the **reasons** for which those interviewed resorted to finance, the purchase of a house in Italy or a car or motorbike were the main reasons given (over half of the existing finance arrangements were obtained for these purposes). Also of note is the incidence of those seeking finance to meet unforeseen expenses (19%), to purchase a home in the country of origin (9%) and to obtain start-up capital for a business (5.6%). Recourse to finance for reasons of "maintenance", which covers expenses related to maintaining the family such as the payment of rent and other everyday financial needs, is worthy of separate consideration. With an incidence of 4%, it represents a significant reason for accessing finance, particularly as it tends to indicate a widespread level of indebtedness over and above the income-earning capacity of the family unit.

Figure 10 – Reasons for applying for finance

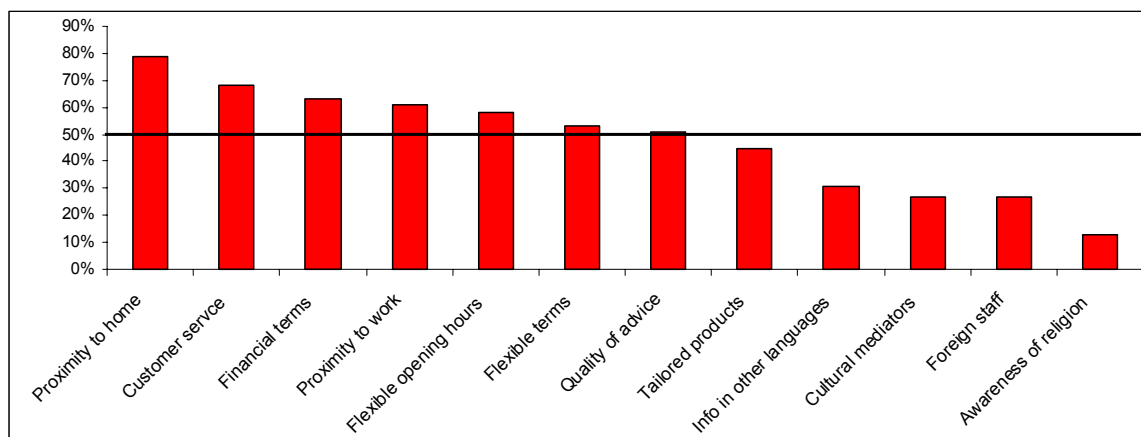


In relation to those who had applied for finance but were not approved, an analysis of the main **reasons for which it was refused** shows that in 46% of cases, the principal cause was a lack or inadequate level of collateral security, for 33% it was insufficient income and for 30% there were problems with the documentation requested (which had either proved inadequate or invalid).

Feedback on the banking relationship

Several of the questions put to the interviewees specifically targeted perceptions and feedback on their relationship with their bank. The graph below shows the importance accorded by migrants to certain **key factors in the client-bank relationship**. Accessibility factors such as proximity to the workplace or home, flexibility of opening hours, level of customer service, quality of advice and financial terms offered (including costs and flexibility) constituted decisive factors in the migrant-bank relationship. On the other hand, factors relating to the availability of cultural mediators and information in the client's mother-tongue, tailored products and religious considerations appeared to play a less significant role.

Figure 11 – Key factors in the banking relationship



A broader overview of the bank feedback section of the questionnaire reveals that the issue of **security/safety** was significant to the interviewed migrants both in terms of the role entrusted to banks (which were viewed by 60% of those surveyed as safe places for depositing savings) and as an underlying reason for opening an account. Almost as important was the issue of **access to credit**, given that more than half the migrants in the sample viewed banks as a source of credit, the need to obtain finance being one of the major reasons for opening an account.

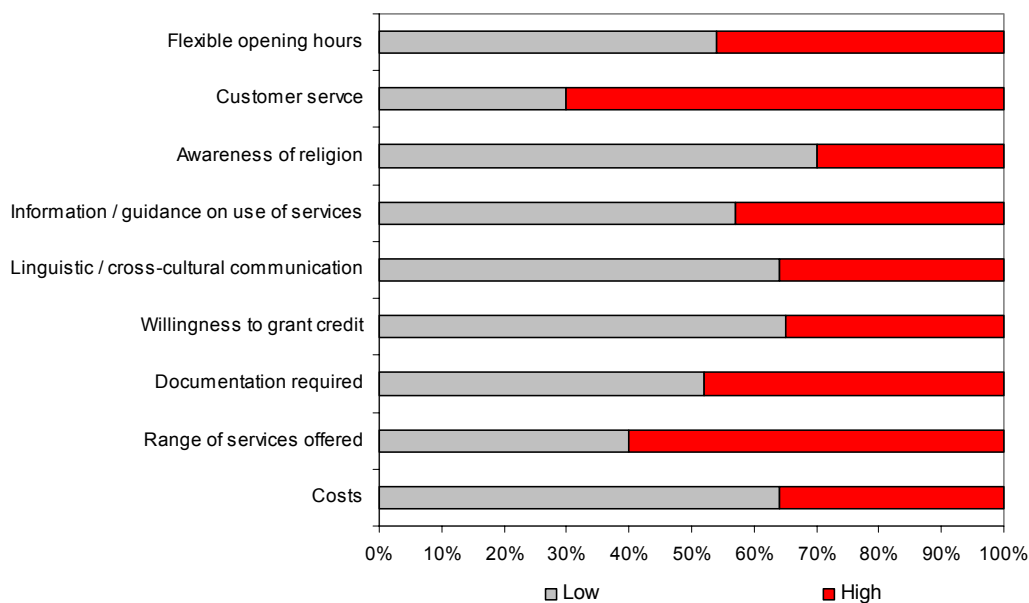
The survey also set out to identify what migrants perceived as the **ideal banking relationship model**. The responses indicated a clear preference for a model characterised, first and foremost, by a strong **focus on the range and quality of products and their capacity to meet client needs**, rather than on the form in which services are presented. Secondly, interviewees expressed a preference for a banking model which views the immigrant client as just another client, **with no distinction being made between Italian and migrant clients**. This indicates that while appreciating the quality of the relationship with bank staff, migrants seem to prefer a model in which, within the context of the ordinary client-bank relationship, certain specific financial needs of migrants are recognised.

In relation to the **overall level of satisfaction** of migrant clients with the banking relationship vis-à-vis their financial needs, on average the migrants surveyed expressed a level of satisfaction that was above sufficient. At the same time, the survey results show that there are expectations which remain unmet and that, hence, there is significant room for improvement in terms of the capacity of banks to respond to the financial needs of immigrants.

Against this general backdrop, with respect to the specific aspects of the client-bank relationship that migrants felt needed improvement, 71% called for a reduction in costs, 45% for a reduction in bureaucratic

red tape and 31% for a greater willingness to grant credit. In addition, 27% asked to be treated the same as Italian clients, 24% for improved linguistic and cross-cultural communication, 19% for greater flexibility in opening hours, 15% for better information/guidance on how to use services, 9% for a more extensive range of services and 6% for greater attention to religious sensitivities.

Figure 12 – Levels of satisfaction vis-à-vis specific aspects of the client-bank relationship



In summary, the two indicators analysed (level of satisfaction and perceived areas for improvement) show that expectations regarding the range of services offered and the perceived role of banks seem to be in line with those of ordinary bank clients, regardless of whether they be Italian or foreign.

Concluding remarks

The results of the surveys conducted confirm the strong trend towards the bankarization of migrant clients in recent years. This process is noticeable both in a quantitative and qualitative sense since banks began to make improvements on the supply side and the migrants interviewed began to respond positively to how their banking relationship was proceeding. In light of these findings, we offer the following closing remarks and strategic suggestions for consideration by Italian banks:

- The intensification of migrant-bank relationships compared to the past seems to be due to an easing in relations between the two parties, due in turn to an increasingly **proactive approach taken by**

Italian banks. In the past, we talked of “involuntary bankarization”, in the sense that it was demand-related factors and those linked to the national economic and production system which drove the majority of migrants to establish relations with banks. Whereas, the results of this recent research indicate that the bankarization process now sees **the banks themselves together with the range of products and services they offer as extremely significant drivers of this process.**

- **Migrants are particularly rational economic and financial actors:** as our research demonstrates, migrants focus heavily on the costs, efficiency and security of their banking relationship, much more so than on the linguistic and behavioural approach of banks. The migrant client engages in a careful assessment of available services/products and, often, does not simply accept the first proposal put forward by a bank. Thus, the rational and utilitarian attitude of the average migrant client (placed squarely within the mass-market client base), makes the client less unique and much more comparable to the average Italian client than was previously imagined.
- A strategy by banks based on the expansion, formulation and improved accessibility of products and services is clearly constructive vis-à-vis the migrant client base and a strategy for success in terms of competition between institutions. From a breakdown of the data by clients of individual institutions or banking groups, it can be inferred that those banks that have adopted active policies geared to attracting and fostering the loyalty of migrant clients through improved products and services have significantly increased their migrant client base.
- The banking system still faces the challenge of how to achieve a greater impact in the early years of the migrant’s stay in Italy. As we have seen, the majority of unbanked migrants fall within the category of those who have been in Italy for less than five years. A commitment to familiarising migrants with the banking system and fostering their financial inclusion should therefore underpin the development of migrant-bank relations.
- Finally, we note the continued absence of a nexus between bankarization and remittance transfers. Our surveys indicate that the banking system has ample room for action in the remittances market in at least two areas. On the one hand, banks are in a better position than other operators to provide services to migrants which ensure improved channelling and optimisation of money transferred. On the other, the banks could re-examine the so-called “hidden costs” of sending remittances, such as the exchange rate applied to money transfer transactions. One particularly interesting option which the banks could pursue,

especially considering the low level of internationalisation of the Italian banking system, is that of putting interbank agreements in place with institutions in the countries of origin of migrants. Indeed, in a number of these countries there are available banking services carefully tailored to the transnational activities of emigrants.

The final recommendation is that banks should continue moving in the direction already taken but with renewed vigour and professionalism, redoubling the commercial (and relationship) efforts of recent years vis-à-vis migrant clients, who in turn have shown themselves extremely and positively responsive to the new and increased attentiveness of many Italian banks. The banks face a significant challenge, namely, that of transforming the way they are perceived so that they are seen as **service-oriented banks and not just providers of credit and passive depositaries of savings**. At the same time, they need to respond to the increasingly more complex needs of migrants, taking a long-term relationship perspective of a rationally-driven client base that is likely to grow both in terms of size and its degree of usage of products and services.