



World Council



FINANCIAL INCLUSION FOR MIGRANTS AND REFUGEES

Insights From Credit Unions

June 2024



Thanks are extended to WOCCU's Board of Directors, in particular Rafal Matusiak (Poland) and Dallas Bergl (U.S.) for financial sponsorship by their credit union associations that made this study possible. A special thank you is offered to Dr. Kimberley Wilson and her students at Tufts University's Fletcher School for profiling Metro Credit Union in Massachusetts. We express our appreciation to Manfred Dasenbrock and the Sicredi team (Brazil), Dr. Marilete T. De Marco (Brazil); Diego Andrade and the WOCCU Economic Inclusion Project team (Ecuador); Rafal Matusiak and the National Association of Cooperative Savings and Credit Unions (NACSCU) team, Dr. Edyta Krzysztofik (Poland); and U.S.-based credit unions - Michele Enriquez and Shaida Samimi of Patelco Credit Union in California and Charlene Bauer of Metro Credit Union in Massachusetts. Finally, thank you to the WOCCU project management team under the leadership of Angelina Tracy, and to Rosemary Ventura, our lead research consultant, for their commitment from start to finish of both phases of this research project and for coordinating the work of our partners in each country.



EXECUTIVE SUMMARY

WOCCU is pleased to publish this report on the role credit unions play in supporting migrants and refugees worldwide. Migration is on the rise: there were 281 million migrants globally in 2020 (World Migration Report 2024). During these turbulent times, the numbers will only continue to increase. As WOCCU's programs worldwide – from Peru to Ecuador to Ukraine – have increased financial inclusion for migrants and refugees, we continue to ask: *What roles can credit unions play in the integration of migrants and refugees?*

“credit unions can play a critical role in supporting migrant financial and economic inclusion simply by doing what they do best: providing equitable and sustainable financial services.”

This research looked at four countries to understand the range of approaches credit unions are taking to support migrants. We listened to the experiences of migrants as they worked to build new lives. Our research was based on

a limited number of interviews and does not intend to generalize each country or migration experience. Many humanitarian organizations like UNHCR publish reports on migrant and refugee financial inclusion, which provide country-level trends.

In all case studies, WOCCU found a commitment from credit unions to support migrants and refugees in improving their access to financial services. Moreover, there are numerous ways in which credit unions are responding to increasing migration, highlighting important practices for other credit unions globally. Many factors influence migrants' financial health, but financial inclusion and access to appropriate financial services and products was a common thread in the cases we examined. We believe, therefore,

that credit unions can play a critical role in supporting migrant financial and economic inclusion simply by doing what they do best: providing equitable and sustainable financial services.

However, it is not enough to simply enroll migrants as members, because they face additional barriers. Credit unions interested in meaningfully supporting migrants must actively work to understand their unique perspectives and challenges. Only by doing so can credit unions address key barriers to migrants' financial inclusion while also seizing new business opportunities to improve their financial success.

Cross-Cutting Recommendations



Promise in Credit Union Support for Migrant Financial Health

The findings of our research, particularly the four in-depth case studies, point to important steps that credit unions can take to support migrants and refugees.¹


Support migrants by enabling them to access basic savings and payment services. Our research found that the single most valuable role for credit unions is using a sustainable model to provide non-predatory financial services to migrants. While some credit unions also support humanitarian efforts like providing temporary shelter, food, and clothing, it is the core financial services that prove most valuable. In their first weeks in a new country, migrants need access to basic savings accounts and payment services options. In some contexts, they also need accounts in which governments or humanitarian organizations can deposit “welcome” funds. They often need safe locations to store their initial earnings and an ability to make payments for rent, utilities, and other expenses.

Treat migrants as a business opportunity, not charity. Migrants often represent a significant potential area for new membership growth. When credit unions approach migrant services as part of their business strategy, they are more likely to channel sufficient effort into understanding the unique needs and tackling the unique barriers that migrants face.

Reaching migrants as potential members means proactively addressing barriers. Credit unions should analyze the most common barriers that migrants in their country face when trying to become members. Across the case studies, three of the most common challenges were:

- **Documentation:** many migrants struggle to navigate complex bureaucratic processes for legally obtaining all required documents. Credit unions should explore whether they can accept alternative forms of ID within their national regulatory frameworks.
- **Language:** though translation services may be resource-intensive, credit unions should explore ways to support non-native speakers in accessing information on their websites, in written documents, and at points of service.
- **Awareness of available services:** specific marketing campaigns may be necessary to inform migrants of credit unions’ services and products. Migrants often learn through referrals from other migrants, so partnerships with companies employing migrants and community organizations present key marketing opportunities.

¹ Except in the cases specifically focusing on refugees, we follow the IOM’s approach to using “migrant” as an umbrella term in reference to people who move from their country of origin for a range of reasons and under varying legal statuses, including refugees and asylum seekers.



Understand the distinct economic profiles and financial needs of different segments of potential migrant members. Just as savvy credit unions undertake efforts to better understand their existing member profiles, they should also gather insights into current and potential members who are migrants. At a minimum, this can entail reading existing analyses – often by national and international NGOs – on barriers to migrants’ economic inclusion. In most areas with significant migrant populations, organizations like UNHCR frequently publish surveys of ongoing needs. Other groups produce in-depth qualitative and ethnographic needs assessments. Credit unions themselves can refine their understanding of migrant needs into specific profiles, informed whenever possible by in-depth interviews with migrants.

Use a nuanced understanding of migrants’ financial needs to consider additional products and services. Beyond the core credit union offerings of savings accounts, ATM cards, and payment services, migrants often seek the following additional services:

- **Remittances:** migrants around the world need remittance services to send and receive money to and from other countries. Cost effective remittance services are one of the most popular services credit unions can offer, and one of the more profitable.
- **Credit lines:** after their initial arrival, migrants often need access to credit, both for entrepreneurial and personal purposes. A key challenge for credit unions is that most migrants arrive with no credit history in the new country, and credit unions may be wary that they will leave the country. Efforts to surmount these challenges are detailed in the case studies. For example, Poland is tackling this at the national level, in coordination with Ukrainian credit history providers. In California, another credit union offers specific credit building products to migrants.
- **Financial education:** though financial education alone is often insufficient to address migrants’ financial health needs, tailored trainings can help address specific gaps or misconceptions. In Ecuador, for example, outreach and education helps Venezuelan migrants overcome strong negative beliefs about cooperative models. In California, Afghan migrants are beginning to trust the U.S. financial system through training to understand the importance of building credit.

Partnerships are essential for understanding and reaching migrant members. In almost all the case studies, strong partnerships are key to credit unions’ success in offering appropriate services to migrants. Partnerships with employers as well as international and local NGOs can help credit unions understand the different needs of migrants in specific regions of a country. They are also an excellent way to spread the word among migrants about the valuable products and services credit unions offer.



Methodology

This research project was conducted in two phases. In Phase I, conducted in fall 2023, WOCCU, in partnership with Tufts University, surveyed credit unions in the US, Poland, Brazil, and Ecuador. The primary objective was to assess which credit unions are serving refugees and migrants either with direct financial services or through humanitarian efforts in collaboration with community organizations. Additionally, Phase I sought to ascertain refugee and migrant data (gender, age, nationality, etc.) as well as understand what additional services credit unions wish they could provide. Phase II, conducted between February and June 2024, built upon the desk research and survey data from Phase I and included in-depth interviews with credit union leaders and refugee members. It resulted in case studies from four different countries.

Guiding Research Questions

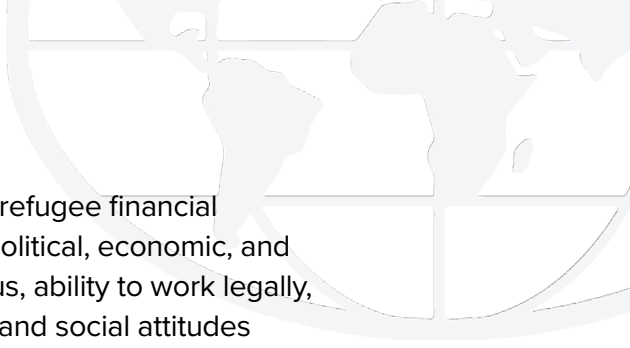
What roles can credit unions play in the integration of migrants and refugees?

- What are the principal financial needs of migrants and refugees in each of the case studies, and what is their current state of access to financial services?
- What are credit unions currently doing with migrants and refugees?
- What more could credit unions do to directly and indirectly support the financial health of migrants and refugees?
 - What common barriers do credit unions face in providing additional support for migrants and refugees, and how can they overcome these obstacles?

Financial Health Framework

The research used a financial health framework that assesses financial wellbeing holistically, focusing on the ability to build resilience to shocks and plan strategically for future opportunities. The Journeys Project at Tufts University adapted for the context of refugees and migrants a financial health framework published in 2017 by the Center for Financial Inclusion (CFI) in partnership with the Center for Financial Services Innovation. It simplifies CFI's six indicators into four indicative abilities: 1) meeting daily consumption needs; 2) recovering from financial shocks; 3) raising lump sums to invest in assets or take advantage of opportunities; and 4) continually expanding planning horizons.²

² Karen Jacobsen and Kim Wilson, "Supporting the Financial Health of Refugees. The Finance in Displacement (FIND) Study in Uganda and Mexico," The Fletcher School, Tufts University, December 2020.



The case studies consider the intersection of migrant/refugee financial behaviors and priorities. They also examine broader political, economic, and social enablers and barriers, such as immigration status, ability to work legally, state and non-state assistance for migrants/refugees, and social attitudes towards migrants (e.g. hospitality, xenophobia, etc.). Finally, the case studies explore how the services, products, and referrals of credit unions and financial institutions can enable migrant/refugee financial health.

Case Study Methodology

The case studies are not generalizable to broader groups of migrants and refugees. They feature anecdotal stories that shed light into how credit unions can best support migrants and refugees. Broader trends are mentioned as background context, but these are limited in terms of providing representative findings. The strategies that migrants employ to meet their needs in a country or region are contextually based responses to the particular legal, financial, and social frameworks they encounter. Similarly, credit unions face different regulatory environments, market dynamics, and partners. Case studies allow a focus on the dynamic interplay of variables in the context of an entire social unit (each case), rather than focusing more strictly on a smaller set of variables.

Terminology

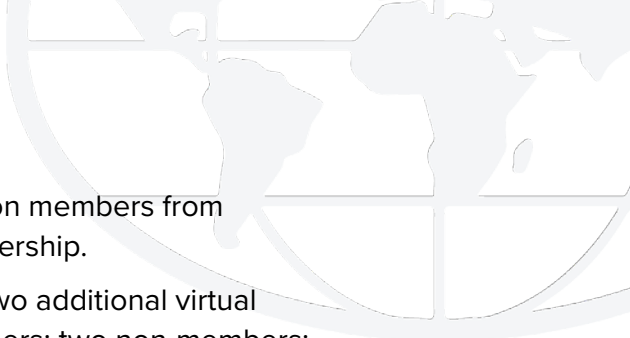
These cases include financial inclusion efforts directed towards individuals in a range of migration circumstances. Some have left their country of origin for primarily economic reasons, others because of wars, violence, or prosecution, and others for a combination of reasons. The terms “asylum seeker” and “refugee” refers to a subset of migrants seeking specific legal status recognition. Unless otherwise noted, the term “migrant” is used here as an umbrella term in reference to all legal categories of individuals (including refugees) residing outside their countries of origin, in alignment with the International Organization for Migration’s definition.³

Data Sources

The data for these case studies was drawn from in-depth, semi-structured interviews with migrants and credit union leadership, comprising the following:

- **Ecuador:** four interviews with migrants from Venezuela (two credit union members, two non- members); one interview with credit union leadership; one interview with credit union partner (WOCCU).

³ <https://www.iom.int/about-migration>

- 
- **California:** four interviews with migrant credit union members from Afghanistan; two interviews with credit union leadership.
 - **Brazil:** three in-person interviews with migrants; two additional virtual interviews with migrants; three credit union members; two non-members; migrants from Haiti, Cuba, Venezuela, and Ukraine; two interviews with credit union leadership.
 - **Poland:** five interviews with credit union leadership (including one representative of a national credit union organization); four interviews with Ukrainian refugees (two credit union members, two non-members).
 - **Massachusetts:** four interviews with migrant members (Haitian, Ukrainian); in-depth interviews with two branch managers, also immigrants, and roundtable discussion with six branch managers, also immigrants; several interviews with VP of Outreach and Advocacy; meeting with Metro CU Chairman.

We gathered additional data through desk research on current migration statistics, efforts to support the economic inclusion of migrants, and legal frameworks and policies regarding migrants' legal status. We also looked at migrants' ability to work, their access to financial tools, and other structural barriers to their financial health. We also used data from the Phase I survey of credit unions and other data provided by featured credit unions.

We are deeply grateful to our research partners in each of the countries, without whom the case studies would not have been possible. They conducted interviews, provided translation and additional analysis, and verified findings and conclusions. Thank you to Dr. Marilete T. De Marco (Brazil), Diego Andrade and his team (Ecuador), Michele Enriquez and Shaida Samimi (California), and Dr. Edyta Krzysztofik (Poland).