



Executive Summary: Helping Migrants Overcome Financial Hurdles: A Study on Income, Savings, and Remittances

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About the DePaul Migration Collaborative

The DePaul Migration Collaborative (DMC) is born from DePaul University's commitment to immigrant communities. In 1996, the College of Law founded its nationally recognized Asylum & Immigration Law Clinic. In 2015, the College of Liberal Arts and Social Sciences introduced the first U.S. graduate program in Refugee & Forced Migration Studies. The DMC, a joint venture of the College of Law and the College of Liberal Arts and Sciences, embodies DePaul's continued dedication to interdisciplinary research and advocacy in migration and human rights, seeking systemic change through education and collective action, reinforcing DePaul's legacy as an immigrant-serving institution.

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About the Researcher, Dr. Lamont Black

Dr. Lamont Black is an Associate Professor of Finance at DePaul's Driehaus College of Business. His research and teaching focuses on the digital transformation of business with an emphasis on emerging technologies including AI and the metaverse. Dr. Black works at the intersection of innovation and social good to bring new ideas to challenging public issues. His project with the DMC Solutions Lab addresses migrant finances from the perspective of money, savings, and remittances.

About Mano A Mano

Mano a Mano is a migrant serving organization whose mission is “to empower immigrant families to become full participants in their community.” Their dedication to this mission made them a perfect fit for this project as financial stability is an active part of allowing families to fully participate in their new life. Mano a Mano facilitated connections between Dr. Black and research participants and shared financial insights and challenges that affect migrant communities.

Introduction

Access to financial services is a key factor in economic stability and upward mobility, yet millions of migrants worldwide face substantial challenges in integrating into the financial systems of their host countries. Many are unbanked or underbanked, relying on costly alternatives such as check cashing services, prepaid cards, and high-fee remittance providers. These barriers not only limit wealth accumulation but also increase vulnerability to economic instability.

This study, conducted under the DePaul Migration Collaborative (DMC) Solutions Lab Research Grant Program, aims to analyze these challenges, highlight key financial hurdles, and explore potential solutions—including fintech innovations, regulatory changes, and financial literacy initiatives—to enhance financial accessibility for migrants. Led by Dr. Lamont Black (Associate Professor of Finance, Driehaus College of Business) and supported by research assistant Kyle Jennings, this study combines academic research, quantitative data analysis, and qualitative interviews with migrant communities to provide a comprehensive understanding of financial exclusion and possible pathways for inclusion.

Theoretical Framework

This research builds upon several key economic theories that inform the financial experiences of migrants:

1. **Financial Exclusion Theory** – This theory posits that exclusion from formal financial services contributes to long-term economic marginalization, reinforcing cycles of poverty and limiting social mobility.
2. **Transaction Cost Theory** – This framework explains how migrants face disproportionately high fees for financial transactions due to lack of banking access, leading to reliance on expensive remittance services and alternative financial products.
3. **Digital Divide Theory** – This theory highlights disparities in access to digital financial services, illustrating how technological advancements can either enhance financial inclusion or further marginalize those without digital access/literacy.

By examining migrant financial behaviors through these theoretical lenses, this study aims to identify structural barriers and innovative solutions to bridge the financial inclusion gap.

Research Objectives

This study addresses three core financial challenges faced by migrants:

1. **Receiving Payment** – Examining how migrants are paid (cash, check, direct deposit) and the obstacles they face in integrating into mainstream financial systems.
2. **Storing and Saving Money** – Understanding how migrants manage their savings, the risks of cash-based storage, and potential alternatives through traditional banking or fintech.
3. **Sending Remittances** – Analyzing remittance fees and evaluating whether emerging financial technologies can reduce costs.

Additionally, the research explores how digital banking, blockchain-based remittances, and alternative credit-building tools can enhance financial access.

Methodology

This study was conducted in two phases:

Phase 1: Literature Review and Community Engagement

The research team conducted a comprehensive review of academic literature, policy documents and market research on migrant financial behaviors. Key sources included policy reports on remittance fees, studies on financial inclusion, and analyses of digital banking adoption. Additionally, partnerships were formed with *Mano a Mano Family Resource Center*, the *Live Give Save Foundation (LGSF)*, and other community groups to facilitate direct engagement with migrants.

Phase 2: Empirical Research and Data Collection

The team designed structured surveys and conducted in-depth interviews with migrants. These interviews were facilitated by *Joanna Jaimes of Mano a Mano*, who also served as a translator. The research used a mixed-methods approach, combining qualitative insights from migrant interviews with quantitative analysis of financial service costs.

Analytical Framework:

A key component of the study was the "Trail of \$1,000" model, which traced the financial journey of a hypothetical migrant worker's income and quantified the fees associated with various transaction methods. This model revealed stark contrasts between low-cost and high-cost financial pathways.

Case Studies from Migrant Interviews

Interviews with migrants through *Mano a Mano Family Resource Center* provided detailed insights into real-world financial challenges. A few examples (using first name only to names are omitted to protect identities):

- **Sandra**, an undocumented worker, described how she relies on prepaid debit cards due to the inability to open a bank account. She regularly pays fees for check-cashing services and struggles with financial planning.
- **Antonio and Angela**, a married couple from Mexico, initially used Western Union for remittances but switched to a digital platform after realizing they could save over \$300 annually in fees.
- **Arturo**, a recent arrival, keeps all his earnings in cash due to distrust in financial institutions, highlighting security risks and financial instability.

These cases emphasize the importance of financial literacy and alternative banking solutions tailored to migrant needs.

Comparative Analysis of Financial Services

The study compared three primary financial pathways used by migrants:

1. **Traditional Banking** – Provides the lowest-cost financial services but remains inaccessible to many due to documentation requirements, minimum balance requirements, and trust concerns.
2. **Fintech and Digital Solutions** – Mobile banking apps and online remittance platforms offer a promising alternative but require digital literacy and stable internet access.
3. **Informal Financial Practices** – Cash transactions and unregulated service providers are often more convenient but come with high fees and increased risks.

Findings indicate that fintech solutions, combined with targeted financial education, could help bridge the gap between traditional banking and informal financial practices.

Key Findings

1. **High Rates of Unbanked Migrants** – A significant portion of migrants lack access to banking due to documentation barriers and distrust of financial institutions.
2. **Disparities in Remittance Costs** – Fees range from 0.5% to 5%, with unbanked migrants paying significantly higher costs due to reliance on costly service providers.
3. **Fintech Adoption is Limited by Digital Literacy** – While digital financial tools could reduce fees, adoption remains low among older generations of migrants unfamiliar with these technologies.
4. **Community-Based Financial Education is Crucial** – Partnerships with local organizations could improve financial literacy and drive greater fintech adoption.

Policy Recommendations

1. **Expand Migrant-Friendly Banking Options** – Credit unions and banks should develop ITIN-based financial products to serve undocumented populations.
2. **Increase Transparency in Remittance Pricing** – Regulators should require clearer disclosures on fees and exchange rates to prevent hidden costs.
3. **Promote Financial Literacy Programs** – Community organizations should implement multilingual financial education initiatives focused on banking, savings, and remittances.
4. **Support Digital Inclusion** – Governments and financial institutions should develop strategies to increase digital access and literacy among migrant communities.

Technology and Innovation in Financial Services

Emerging financial technologies have the potential to revolutionize migrant financial access:

- **Blockchain-based remittance services** could eliminate intermediaries, reducing transaction costs.
- **AI-driven financial tools** could provide personalized banking guidance in multiple languages.
- **Mobile banking solutions** tailored to migrant needs could enhance accessibility.

Collaboration between financial institutions, fintech firms, regulators, and community organizations will be essential to ensure these innovations reach the populations that need them most.

Conclusion

This research highlights the urgent need for inclusive financial solutions that empower migrants. By integrating migrant-friendly banking, financial technology, policy reforms, and community-driven financial education, stakeholders can create a financial ecosystem that is both accessible and equitable. The findings serve as a call to action for financial institutions, regulators, and community organizations to address systemic barriers and ensure that migrants are not just included in the financial system but can thrive within it.