

New Survey Shows Latinos Are Struggling with High-Debt Burdens, Low Savings Rates, and a Lack of Access to Affordable Bank Products

On behalf of UnidosUS and Oportun, BSP Research surveyed 1,200 Latinos* throughout Arizona, California, and Texas regarding economic topics such as Latinos' access to credit and banking services, student loans, home mortgages, and other loans in general. The survey, one of the largest studies of Latinos' financial health done by UnidosUS, is our latest effort to understand the financial situation of [the 62 million Latinos](#) living in the United States.

Latino buying power in the United States will soon exceed \$2.5 trillion. Millions of hardworking Latinos are in the workforce contributing to economic growth and serving as the backbone of U.S. labor market. Hispanics are a big reason the economy was saved from the brink during the pandemic. Yet our survey found that too many Latinos are living on the financial edge and are forced to borrow money in ways that saddle them with debt and limit their potential to save. Low savings prevents financial stability and the ability of Latinos to prepare for homeownership or other wealth building opportunities that could unleash their economic potential.

The study found that 15% of respondents report that they lack a deposit account, which is much higher than the [overall unbanked rate of 5.4%](#). High costs were two of the top three reasons cited by unbanked respondents for not having an account. An alarming 42% with an account were charged an overdraft fee—almost four times [more than the national rate of 11%](#).

Respondents also report that they struggle to access credit, with 20% sharing that they have no credit at all. A mere 56% of respondents have a credit card compared to [the national rate of 84%](#). Those who can access credit are struggling with their debt burden. More than half of respondents say their debt is affecting their ability to save money. Another 41% of those with credit say their debt has affected their ability to afford health care. And more than a third of respondents do not feel confident that they can pay off their current debts over the next ten years.

* The terms “Hispanic” and “Latino” are used interchangeably by the U.S. Census Bureau and throughout our materials to refer to persons of Mexican, Puerto Rican, Cuban, Central and South American, Dominican, Spanish, and other Hispanic descent; they may be of any race. Our materials may also refer to this population as “Latinx” to represent the diversity of gender identities and expressions that are present in the community.

The high cost of banking and debt burdens may contribute to respondents' inability to save. More than a third of respondents have no emergency fund, and shockingly, nearly two-thirds of those surveyed have less than \$500 saved for an emergency. Two-thirds of respondents also report borrowing money from a friend, family member, or another person at some point in their lives to cover an emergency.

Finally, the survey shows that many Latinos are struggling to make ends meet. Nearly one in five respondents shared that they used a pawn shop to cover basic expenses and 13% had used a payday loan to cover basic expenses at some point in their lives.

It is time for the Biden Administration, regulators, and the banking industry to work together to ensure Latinos have equal opportunity to affordable credit and bank products. Building the financial health of Latinos will make the entire United States stronger and more economically sound. The survey results suggest that reforms and innovations in the banking system can help integrate Latinos into the financial mainstream and ease financial burdens.

Some of the key, more detailed findings are below.

Banking Costs Remain a Key Concern for Latinos

1. A high rate of Latinos are unbanked and/or pay high costs to access financial services.

- **Low-income respondents are disproportionately unbanked.** Fifteen percent of respondents lack a deposit account and 25% of those making less than \$29,000 a year do not have an account.
- **High costs prevent the unbanked from accessing an account.** Not having enough money to meet minimum balance requirements was the top reason for not having an account, with 38% of respondents citing this as a barrier. Further, 27% of respondents said that a lack of trust was keeping them from opening an account, 17% said bank account fees are too high, and 12% indicated that they do not have the personal identification necessary to open an account.
- **Almost half of all respondents are charged fees on their account.** Forty-nine percent of all respondents said that they have been charged a fee by their financial institution. Further, 45% of people with accounts were charged a maintenance fee, while 42% were charged an overdraft fee.
- **Lower-income respondents are more likely to be charged an overdraft fee.** Forty-seven percent of those who make less than \$49,000 a year were charged an overdraft fee, compared to 39% of those making more than \$50,000 a year. A plurality of respondents (31%) who paid an overdraft fee paid a total of between \$15-\$50 dollars over the past 12 months for such fees. But 8% of respondents who were charged an overdraft fee paid more than \$300 in the past 12 months.

2. Latinos do banking primarily with traditional banks, and trust traditional banks the most of any financial institution. Many Latinos do not know enough about alternative financial institutions that may be less costly, such as Minority Depository Institutions (MDIs).

- **Most respondents maintain an account with traditional banks.** Seventy-nine percent of respondents have an account with a traditional financial institution; 22% have an account with a credit union; 19% have an account with an online bank; and only 4% have an account with an MDI.
- **Most respondents say they would be likely to use non-bank financial services if the post office offered them.** Seventy-three percent indicated that they would use an ATM; 63% would use bill payments; and 55% would use wire transfers if the post office offered these services.
- **Trust in traditional banks is high, but scores lower among lower-income people.** A high rate—seventy-four percent—of those surveyed reported that they “trust” traditional banks. However, 64% of respondents making less than \$29,000 reported trusting traditional banks, compared to 80% of those making more than \$50,000.
- **Trust in non-traditional financial institutions is low.** Sixty-two percent of respondents trust credit unions; 61% trust online banks; 57% trust the post office; and just 34% trust MDIs. Relatedly, 24% of respondents say they don’t know enough about MDIs, and 14% of respondents did not know enough about post offices to trust or not trust these institutions.



Many Latinos, Especially Low-Income Latinos, Lack Access to Credit:

3. A high rate of Latinos lack any credit at all.

- **Credit card access is very low among lower-income respondents.** Only 37% of those who earn less than \$29,000 a year have a credit card, compared to 68% of those earning \$50,000 or more in a year.

- **About one in five respondents were denied credit, with higher denial rates among younger people.** Twenty-one percent of respondents report being denied for a credit card in the past two years, and 14% report being denied for a personal loan. The number of people denied a credit card jumped to 31% for those who were between 25 and 39 years old.
- **Car loans, personal loans, and student loans were the most common forms of credit among respondents.** Forty-one percent of respondents reported having a car loan, 37% have a personal loan, and 21% of respondents have student loans. Across each category of loan, lower-income people reported holding fewer of the lending products than did those with incomes at or above \$30,000.
- **Lower-income respondents hold fewer mortgage loans than do higher income respondents.** Twenty-one percent of respondents have a mortgage loan. But 11% of respondents who make less than \$29,000 a year have a mortgage loan, compared to 29% earning more than \$50,000 a year or more.
- **A high rate of lower-income respondents have no credit whatsoever.** Twenty percent of respondents do not have any credit: 33% of those who make less than \$29,000 a year lacked credit, compared to only 14% of those making more than \$50,000 a year.

4. Latinos are having trouble accessing mortgage loans, and many are behind on payments.

- **High home prices, a lack of savings, high interest rates, and low credit scores were reported as the top reasons for not buying a home.** Among those who indicated they were ready to buy a home but had not done so, 57% indicated that home prices were too expensive; 50% reported they did not have enough savings; 39% said interest rates were too high; and 34% reported that they thought their credit scores were too low.
- **Most respondents with a mortgage loan owe \$100,000 or more.** Fifty four percent of those with a mortgage owe more than \$100,000 on their loan, while 27% owe less than \$100,000.
- **Spanish-speaking households with a mortgage loan have higher rates of forbearance than do English-speaking households.** Twenty-seven percent of respondents with a mortgage loan have gone into forbearance, with much higher rates of forbearance among Spanish speaking-households (32%) compared to English-speaking households (11%).



Respondents Face High Debt Burdens and Dwindling Savings

5. Latinos continue to struggle to make ends meet, and to suffer from higher debt burdens and lower savings rates.

- **About one-in-six respondents turned to alternative forms of credit to make ends meet.** Thirteen percent of respondents said they have taken out a payday loan in order to cover basic living expenses while 17% said they have used a pawn shop to cover these expenses. Some 14% of respondents have used a Buy Now Pay Later (BNPL) product, with 49% of those respondents indicating they used BNPL for necessities such as groceries, gas, utilities, and household supplies.
- **Debt burdens are impacting respondents' ability to save and to cover important expenses.** Fifty-seven percent of respondents say that debt affects their ability to save; 50% say debts are affecting their ability to save for retirement; 49% indicated that debt has affected their decision to buy a home; and 41% said that their debt affected their ability to afford health care. Across each category, lower-income people reported greater difficulty saving than did those with incomes at or \$50,000 a year.
- **Many reported that they do not have any emergency savings, or have very little saved for an emergency.** Thirty-six percent of our respondents lacked an emergency fund, and nearly two-thirds have less than \$500 saved for an emergency. Sixty-six percent of respondents reported they have borrowed money from a friend, family member, or another person to cover an emergency. For those with student debt, this number jumps to 80%.
- **Most lower-income respondents have no savings whatsoever.** Thirty-one percent of respondents said they do not have any money saved: 53% of those making less than \$29,000 have no savings, compared to 16% of those making more than \$50,000 a year.



Methodology

As part of its economic policy work, UnidosUS will continue to produce new research and analysis, like [a recent national poll of Latino voters](#), to inform policymakers and the public.

BSP was commissioned by UnidosUS to field a study on Latinos age 25 and older, banking and access to credit, with a particular focus on low to moderate income households. In order to further understand attitudes of lower-income households, an oversample of households earning less than \$40,000 per year was added. This poll was in the field from June 15th to 25th, 2022, and included 1,200 interviews across Arizona, California, and Texas. The overall sample has a margin of error (MoE) of +/- 2.8%, and each state sample has an MoE of +/- 4.9%.

The poll was available in English or Spanish at the choice of each respondent. Participants were randomly contacted by live telephone call (25%), as well as being randomly contacted by text-to-web self-complete and online panels (75%). Final data was weighted in each state to match the most recently available census estimates for the Latino population, using a post-estimation raking algorithm.

About UnidosUS

UnidosUS, previously known as NCLR (National Council of La Raza), is the nation's largest Hispanic civil rights and advocacy organization. Through its unique combination of expert research, advocacy, programs, and an [Affiliate Network](#) of nearly 300 community-based organizations across the United States and Puerto Rico, UnidosUS simultaneously challenges the social, economic, and political barriers that affect Latinos at the national and local levels. For more than 50 years, UnidosUS has united communities and different groups seeking common ground through collaboration, and that share a desire to make our country stronger. For more information on UnidosUS, visit www.unidosus.org or follow us on [Facebook](#), [Instagram](#), and [Twitter](#).

About Oportun

Oportun is a mission-driven, technology-powered provider of inclusive, affordable financial services and a certified Community Development Financial Institution. By lending money to hardworking, low-to-moderate income individuals, Oportun helps them move forward in their lives, demonstrate their creditworthiness, and establish the credit history they need to access new opportunities. Oportun serves customers online, over the phone, and in-person in English and Spanish in the following 12 states: Arizona, California, Florida, Idaho, Illinois, Missouri, Nevada, New Jersey, New Mexico, Texas, Utah, and Wisconsin. For more information on Oportun please visit oportun.com.