The High Price of Economic Marginalization: Low-Income Latinas’ Experiences With Mainstream Banking and Alternative Financial Services

Heather E. Bullock and Erin E. Toolis
University of California, Santa Cruz

Brando Sencion and Maria T. Cadenas
Santa Cruz Community Ventures, Santa Cruz, California

Economic exclusion takes many forms including lack of access to financial services. Rates of being underbanked or unbanked are higher in low-income communities and communities of color than affluent, predominantly White neighborhoods. "Alternative" or "predatory" lenders, which charge exorbitant fees, fill "gaps" in services by providing convenient but costly services. We report findings from a community-university research partnership investigating 108 low-income Latinx mothers’ use of alternative lending services (e.g., payday loans, money transfer services), the impact of these services on individuals and families, and barriers and facilitators of mainstream banking use. The majority of respondents had bank accounts but remained underbanked. Frequently cited barriers to mainstream financial services included fees and unexpected charges, uncertainty regarding interest rates, lack of a Social Security number, needing cash quickly, perceived discriminatory treatment, and fear of deportation due to undocumented status. Alternative financial service (e.g., check cashing, cash advance loans) use was widespread as was difficulty repaying these loans. Relational support emerged as an important protective factor against the most exploitative providers. We draw on these and other findings to illustrate how low-income Latinx mothers perceive, experience, and resist predatory lending services. Recommendations for reducing Latinas’ economic exclusion and strengthening financial capabilities are offered.

Public Significance Statement
This study offers insight into low-income Latina mothers’ use of mainstream and alternative financial services. Multiple intersecting barriers were found to limit Latinas’ access to mainstream financial services and as a result, use of alternative services was common despite exorbitant fees and interest rates. Our findings highlight the need for policies and practices that promote economic inclusion.

Keywords: economic exclusion, classism, racism, poverty, Latinx mothers

Editor’s Note. Continue the conversation by submitting your comments and questions about this article/book review to PeacePsychology.org/peaceconflict. (The Editor of PeacePsychology.org reserves the right to exclude material that fails to contribute to constructive discussion.)

HEATHER E. BULLOCK received her PhD in social psychology from the University of Rhode Island. She is Professor of Psychology and Director of the Blum Center on Poverty, Social Enterprise, and Participatory Governance at the University of California, Santa Cruz. She studies social psychological dimensions of economic justice, focusing on women’s experiences of poverty, intersections of classism, racism, and sexism, and attitudes and beliefs that predict support for anti-poverty policies.

ERIN E. TOOLIS received her PhD in social psychology at the University of California, Santa Cruz. She is Assistant Professor of Psychology at the State University of New York at Old Westbury. Her research interests include economic justice, community engagement, narrative, and the co-constitution of persons and settings. She is committed to putting social science research in conversation with community organizations, service providers, and policymakers to improve public spaces and programs.

BRANDO SENCION received his BA in political science from the University of California, Santa Barbara. He currently works as the Program Coordinator for Santa Cruz Community Ventures where he focuses on asset building, financial capability, and advocacy.

MARIA T. CADENAS received her MBA from Alverno College and graduated magna cum laude from Beloit College with dual bachelor degrees in business administration and creative writing. She is the Executive Director for Santa Cruz Community Ventures, a nonprofit organization working to create well being through the development of compassionate and equitable local economies. Born in Mexico and raised in California, she focuses on developing local and global social, business, and philanthropic models that foster equity, community engagement, collaboration, and move communities forward.

WE ARE GRATEFUL TO the mothers who shared their experiences with us. We also thank Emily Hentschke, Claudia Manrique, Kiana Morales, Desiree Ryan, Paola Melina Singh, Aleman Ordaz, and Guadalupe Velez for their assistance with this project. Some of the findings reported in this article appear in a report released by University of California at Santa Cruz’s Blum Center on Poverty, Social Enterprise, and Participatory Governance and Santa Cruz Community Ventures.

THIS RESEARCH WAS SUPPORTED by funding from the Division of Social Sciences at the University of California at Santa Cruz.

CORRESPONDENCE CONCERNING THIS ARTICLE should be addressed to Heather E. Bullock, Department of Psychology, University of California, Santa Cruz, 1156 High Street, Santa Cruz, CA 95064. E-mail: hbullock@ucsc.edu
White households lacking the services they need (FDIC, 2016). Estimates that 31.1% of Black, 29.3% of Hispanic, and 15.6% of European Americans to be unbanked or underbanked. In 2015, exclusion in deepening hardship. Experience financial services and the role of social and economic larly interested in learning how women, themselves, perceive and mainstream and alternative financial services. We were particu-
study examined low-income Latinx mothers’ relationships with institutional and interpersonal intersections of these dynamics, this
have identified as another form of exclusion (Badger, 2016). Mainstream financial services are among the many essential resources that low-income communities of color both pay more for and are systematically excluded from (Fuentes, 2009; Glantz & Martinez, 2018; Sevron, 2017). In 2015, 7% of U.S. households were unbanked (i.e., did not have a saving or checking account) and 19.9% were underbanked (i.e., had a bank account but also obtained financial services from alternative providers; Federal Deposit Insurance Corporation [FDIC], 2016). Communities of color are significantly more likely than European Americans to be unbanked or underbanked. In 2015, 18.2% of Black and 16.2% of Hispanic households were unbanked compared to just 3.1% of White households (FDIC, 2016). Rates of being underbanked were even higher with estimates that 31.1% of Black, 29.3% of Hispanic, and 15.6% of White households lacking the services they need (FDIC, 2016). High rates of being unbanked or underbanked are also common among people with low income, people who have completed fewer years of formal education, and people with disabilities (FDIC, 2016; Hayashi & Minhas, 2018).

Widening economic inequality and tiered financial services for economic elites versus low-income groups go hand-in-hand (Faber, 2018; Sevron, 2017). To gain a deeper understanding of the institutional and interpersonal intersections of these dynamics, this study examined low-income Latinx mothers’ relationships with mainstream and alternative financial services. We were particu-
larly interested in learning how women, themselves, perceive and experience financial services and the role of social and economic exclusion in deepening hardship.

“Alternative” Financial Services: Where Exclusion Meets Exploitation

“Alternative” or “fringe” financial services take many forms including subprime mortgages, rent-to-own services, pawn shops, remittance services (i.e., money transfers), payday loans, and car title loans. These services are considered predatory because of their disregard for borrowers’ capacity to repay loans, exorbitant fees, frequently misleading terms, and high interest rates. Preda-
yory lenders have proliferated since the deregulation of the banking industry in the 1990s and were further buoyed by the Great Recession of the late 2000s and early 2010s (Faber, 2018; Hudson, 2010). Research by the Pew Charitable Trusts (2016) found that 12 million Americans use payday loans each year, spending $9 billion on loan fees. Perhaps even more striking is the fact that in the United States, payday loan stores now outnumber McDonald’s restaurants (Bennett, 2019). Although former President Barack Obama advocated for significant reform of these services and public support for regulation is strong (Pew Charitable Trusts, 2015), regulatory progress has slowed under the Trump Administration.

Alternative financial services are disproportionately located in low-income and ethnic minority neighborhoods while mainstream services tend to be situated close to neighborhoods with comparatively higher levels of income and educational attainment and lower percentages of ethnic minority residents (Dunham & Foster, 2015; Hill & Kozup, 2007). An analysis by the Center for Responsible Lending (2009) found that there are eight times more payday lenders in African American and Latinx neighborhoods than white neighborhoods. The targeting of unbanked and underbanked areas without the resources to weather economic shocks such as environmental disasters, crop failure, the collapse of a bank, or the closure of a major employer is not accidental. Faber’s (2018) analysis of New York City neighborhoods suffering from the effects of the Great Recession illustrates this point. Racially isolated neighborhoods with high rates of subprime lending and foreclosures also saw a rise in check cashing outlets, with a 1 SD increase in foreclosures associated with a 24% increase in the odds of a new check cashing outlet opening (Faber, 2018).

Not surprisingly, the same groups that are more likely to be unbanked or underbanked are also more likely use alternative financial services. Higher rates of alternative financial service use are documented among people earning less than $40,000, people without a bachelor’s degree, people of color, young people, those living with a partner, parents, and renters (Birkenmaier & Fu, 2016; Pew Charitable Trusts, 2012). Lenders claim that their services assist financially fragile individuals and families in meeting their short-term credit needs, however, research documents that these loans contribute to borrowers’ greater economic vulnerability (Lim et al., 2014; Pew Charitable Trusts, 2013). Research shows that over 80% of payday loans are rolled over or reborrowed within 30 days because the borrower cannot afford to repay the loan (Consumer Financial Protection Bureau [CFPB], 2016). High interest rates and fees further deepen economic hardship by damaging credit ratings and trapping individuals and families in a cycle of debt (Lim et al., 2014).

A growing body of research lends insight into the psychology of scarcity, its impact on decision making, and how it heightens vulnerability to predatory lenders (Mullainathan & Shafir, 2013). Scarcity, whether in terms of money, time, or other valued resources, reduces “cognitive bandwidth” by narrowing focus and eroding decision-making capacity (Mullainathan & Shafir, 2013). As a consequence, immediate gains tend to be prioritized over long term benefits. Among low-income groups, for whom negotiating limited resources is a constant, the everyday implications of scarcity on financial well-being are evident. Scarcity compromises the
ability to weigh the costs of interest rates, encourages less efficient use of already strained resources, and fosters risky financial decisions (Mullainathan & Shafir, 2013). Although these findings help explain psychological susceptibility to exploitative lending practices, alternative service use should not be reduced to “cognitive bandwidth” and isolated from broader racist, classist, and sexist practices that contribute to financial exclusion.

Latinas’ Financial Inclusion: The Need for an Intersectional Lens

In California, only 25% of payday loan-eligible adults are Latinx yet Latinx adults comprise 37% of all payday borrowers (National Council of La Raza, n.d.). Immigrants from Mexico and the Latin American region are more likely to use alternative financial services than other immigrant groups, with the probability of using alternative services higher among those who are native-born, regardless of whether families have a mainstream bank account or not (Northwood & Rhine, 2017). Immigrants who become U.S. citizens are less likely to use alternative services, especially those who are banked (Northwood & Rhine, 2017). In the current political climate, Latinx communities may be particularly vulnerable to predatory services. Latinx immigrants may lack required documentation to establish accounts at mainstream financial institutions and may fear drawing attention to themselves or their families by applying for an account. Not surprisingly, distrust in government and other institutions has been identified as a barrier to Latinx access to banks (UnidosUS, 2018).

Analyses of financial service use tend to focus on a single facet of identity, often race/ethnicity or economic status, with less attention given to gender and its intersections with other identities. Economic and social justice gains cannot be made without investing in women and mothers and improving the systems that serve them. Although financial inclusion is on the rise globally, women are still less likely than men to have bank accounts in developing economies (World Bank, 2018). In the United States, women of color are the fastest growing segment of business owners yet still face difficulty securing loans according to an article in Time magazine (Chan, 2016).

Latinas’ high rates of poverty (U.S. Census Bureau, 2018a) further underscore the need to better understand their experiences with financial services and vulnerability to predatory lenders. In the United States, Latinx women face a large wage gap, earning just 53 cents for every $1.00 paid to white, non-Hispanic men (UnidosUS and National Partnership for Women & Families, 2018). Family status confers additional risk. Families with children are particularly likely to experience poverty. In 33 states, Hispanic children are at least twice as likely to live in poverty as their non-Hispanic White counterparts (Murphey, Belford, Balding, & Beckwith, 2018). A staggering 41% of Latinx households headed by single mothers live below the poverty threshold (National Women’s Law Center, 2018). Immigration status, language barriers, and bias may further limit the options that Latinx families for responding to economic shocks (e.g., children’s medical and other needs) and accessing cash quickly. Despite Latinx mothers’ pivotal role in managing resources, providing for their families, and educating children about finances, very little research focuses explicitly on their perceptions and experiences with financial service providers. Psychologically grounded analyses of Latinas’ financial service use are scant despite the potential for this scholarship to inform poverty alleviation initiatives.

The Current Study

Alternative lending services widen already deep race, class, and gender inequities, yet we know little about how low-income Latinas perceive, experience, and resist these exploitative services. Our study was guided by three core questions: (a) What factors influence low-income Latinx mothers’ use of mainstream and alternative financial services? (b) What are low-income Latinx mothers’ experiences with mainstream and alternative services and what are their impact? (c) What information, services, and actions can help to reduce use of exploitative lenders and promote financial stability and well-being?

Method

Research Context

This project is the outcome of a community–university partnership of the Blum Center on Poverty, Social Enterprise, and Participatory Governance, a center for engaged scholarship at the University of California, Santa Cruz, and Santa Cruz Community Ventures, a nonprofit organization that builds families’ financial capabilities.

This study was conducted on California’s central coast in Santa Cruz County. Several factors made this area an excellent location to assess Latinas’ financial experiences. In 2015, almost one-quarter (23%) of households in Santa Cruz County were unbanked or underbanked (Prosperity Now, 2019a). In Watsonville, a midsized city located in the southern region of the county where most participants resided and where 82% of residents are Latinx (U.S. Census Bureau, 2018b), this percentage rose to 42% in 2015 (Prosperity Now, 2019b). The average median household income in Watsonville is lower than the county and state-wide average ($51,548 compared to $73,663 and $67,169 respectively; U.S. Census Bureau, 2018b). Furthermore, the asset poverty rate (43%), meaning the percentage of households without sufficient net worth to subsist at the poverty level for three months, is higher in Watsonville relative to the rest of the county, as is the liquid asset poverty rate (65%; CFED cited by Federal Bank of San Francisco, 2015).

Geographic Information System System Mapping of Mainstream and Alternative Financial Services

Addresses of mainstream and alternative financial services were analyzed to better understand the location and concentration of these providers within the commercial zones in the city limits of Watsonville, the dominant location of our analysis, and Santa Cruz, the largest city in the county. Our goal was to contextualize respondents’ experiences with financial services and assess the raced and classed distribution of different types of providers.

Alternative financial services included payday loans, check cashing, money transfer services, and pawn shops, whereas commercial banks and credit unions were categorized as mainstream financial services. Addresses were obtained systematically via online searches using Google and Yellow Pages, viewing physical advertisements on storefronts, and lists provided by the local city government offices and
the California Department of Justice Office. In addition, we created a list of businesses known to offer alternative financial services that included all jewelry, furniture, tobacco, dollar stores, and markets in the cities’ limits found via online searches. Bilingual research assistants called businesses to inquire whether they offered loans/financing, check cashing, or money transfer services. Businesses that answered in the affirmative for any of these services were added to our list of alternative financial service locations. Addresses were geocoded, or converted into coordinates, using Google Maps and placed on a digital map of Santa Cruz and Watsonville using Geographic Information Systems software, Esri. Please see the Appendix for a review map results.

Consistent with previous research (e.g., Dunham & Foster, 2015), we found that alternative services were overrepresented in Watsonville, a city with a majority Latinx community with high poverty rates compared to neighboring Santa Cruz, a Whiter, more affluent neighboring city. We found 17 mainstream and 54 alternative lenders in Watsonville compared to 15 mainstream and 22 alternative lenders in Santa Cruz.

Participants

Participants were recruited through announcements, flyers, and referrals from a nonprofit affordable housing agency and local community organizations serving low-income Latinx families. Brando Sencion and Maria T. Cadenas’s community connections strengthened outreach and recruitment, facilitated a trusting participant-researcher relationship, enhanced cultural sensitivity, and strengthened the project’s capacity to impact community economic well-being. Women were eligible to participate if they identified as “Latina,” “Hispanic,” and/or “Chicana,” were at 18 years of age or older, were the mother of a child under the age of 18, spoke Spanish and/or English, and resided in Santa Cruz County. Focus groups were capped at a maximum of 10 participants.

One hundred and eight Latina mothers (average age = 38.68 years) participated in one of 11 focus groups about their experiences with traditional and alternative financial services. The majority of respondents resided in Watsonville, California (74%), with others living in Santa Cruz, California (15%) and Aptos, California (11%). Respondents had lived in the county an average of 15.30 years. Participants reported having an average of 2.28 children. The majority were married or in a domestic partnership (70%), while some were single (15%), separated (8%), widowed (3%), or divorced (4%). Educational attainment varied considerably. Twenty-nine percent of respondents had not completed elementary school, 34% had completed junior high school or middle school, 27% had obtained a high school degree or GED, 3% had completed an Associate’s degree or technical degree, 3% had completed a bachelor’s degree, and 4% had completed a graduate degree. The majority of our respondents were currently living in affordable housing developments.

More than half respondents were not employed in the paid labor market (36%) or worked full-time inside the home (21%; e.g., homemakers). One-third of respondents (33%) were employed full-time and 10% part-time outside the home. The most commonly reported occupations were stay-at-home parent (31%) and agriculture (28%) followed by cleaning and maintenance (11%). Other occupations included food preparation and service (5%), office and administrative support (5%), childcare (4%), sales (4%), food production and processing (4%), transportation (4%), health care support (3%), management (1%), and protective services (1%). Among women living in two-parent households, the majority reported that the other adult was employed full-time (76%) or part-time (11%) outside the home.

Research Team Positionality

Both Heather E. Bullock and Erin E. Toolis are White, middle-class, graduate-educated, monolingual women trained in social psychology. Heather E. Bullock experienced economic hardship and homelessness during adolescence. Both authors have extensive experience using qualitative methods to study the lived experiences of low-income and marginalized groups and conducting community-engaged scholarship. Brando Sencion and Maria T. Cadenas are affiliated with the nonprofit organization that partnered on this project. Both are Latinx, bilingual, and college and graduate-educated, respectively. All focus groups were conducted by two Latinx bilingual, bicultural collaborators, one woman and one man (Brando Sencion), from the community-based partner organization. Both have extensive experience facilitating financial capability workshops with low-income Latinas and are committed to economic inclusion.

Throughout the research process, the research team was mindful of how our social positions might influence data collection and analysis. Because two of the authors are not Latinx or fluent in Spanish, the facilitators’ bilingualism, deep embeddedness in the local community, and bicultural identities were essential to rapport building with participants. Across all focus groups, care was taken to minimize status differences and communicate the facilitators’ role as listeners rather than advocates for specific financial practices. To avoid stigmatizing the use of alternative financial services, value-neutral language (e.g., avoiding the term “predatory”) and open-ended questions were employed. Although no differences were observed between the groups coordinated by a female versus male facilitator, some participants may have felt more comfortable sharing their experiences with the facilitator who shared their identity as a woman and mother.

Positionality was also taken into account in our analysis of the data. Because coding was conducted by Heather E. Bullock and Erin E. Toolis and a team of three trained graduate students, our interpretations risk overlooking nonverbal cues and culturally specific meanings. To enhance the strength of our analysis, a member check was conducted in which findings were shared in follow-up conversations with low-income Latinas, including former participants, to check the accuracy of identified themes and solicit additional feedback (Lincoln & Guba, 1985).

Procedure

Prior to starting each focus group, participants gave their consent to participate and completed a brief demographic questionnaire. Materials were presented in Spanish or English and informants were assured that their participation was voluntary and confidential. All materials and procedures were approved by the Institutional Review Board of the University of California, Santa Cruz.

Focus groups were facilitated in community rooms of nonprofit organizations by Latinx bilingual collaborators from the partner community organization and free childcare was provided. Focus
groups lasted between 60–90 minutes, with 10 sessions conducted in Spanish and one in English. The focus groups protocol was developed collaboratively and drew on the community-based partner’s extensive experience leading financial education workshops with the target population. We selected a semistructured protocol to encourage discussion of unanticipated topics raised by participants. Respondents were asked about factors that influenced their use of alternative and mainstream lending services, their experiences with different lenders, and resources and services that could promote financial well-being. To cross-check that key themes were captured, a bilingual, Latina research assistant recorded notes on a flipchart during the focus groups. Participants received $50 as well as a list of community resources and information about predatory lending. All focus groups were audiorecorded and professionally transcribed.

Analytic Strategy

Thematic analysis (Braun & Clarke, 2006) was used to analyze respondents’ money management strategies, financial service experiences, and suggestions for strengthening community resources. This analytic strategy is well-aligned with our goals of generating a deeper understanding of Latinas’ financial service use and experiences of economic exclusion and producing accessible findings for informing community mobilization and advocacy. Rather than impose a priori categories, an inductive approach was used to identify consistent themes and to uphold fidelity to participants’ lived experiences (Josselson, 2004; Levitt et al., 2018). Consistent with this approach, our inquiry was rooted in an interpretivist paradigm, which takes meaning to be dialogically coconstructed (Tappan, 1997) and involves consideration of intersections of individual experience and sociocultural context (Hammack, 2008; Zilber, Tuval-Mashiach, & Lieblich, 2008). This epistemological orientation reflects an understanding of existing structures and arrangements as dynamically, socially constituted rather than static, natural, or inevitable, creating space for marginalized perspectives to be amplified and highlighting possibilities for change (Gone, 2011).

Erin E. Toolis conducted a preliminary reading of the focus group transcripts to gain familiarity with the data corpus. Coding was conducted by three trained graduate research assistants (including Erin E. Toolis) via Dedoose, a qualitative analysis software program, and supervised by the first author. To generate a broad list of codes summarizing participants’ responses, coders independently analyzed four additional transcripts, meeting regularly to review and refine their interpretations and reach consensus on key themes. Coding inconsistencies and disagreements were resolved by one of the principal investigators. The resulting codebook was then used to code all transcripts. Finally, Heather E. Bullock and Erin E. Toolis collapsed and reorganized codes into overarching coherent themes and subthemes.

Findings

Four central themes emerged in our analysis: (a) poverty and economic exclusion restrict low-income Latinx mothers’ financial “choices;” (b) negative experiences with mainstream financial services fuel distrust and foster exclusion; (c) alternative lenders provide accessible, much needed services but also contribute to economic hardship; and (d) low-income Latinx mothers actively resist dominant stereotypes and exploitative practices to promote family and community well-being. Although these themes often intersected with each other, for clarity we report each theme and their related subthemes separately. Because our respondents’ experiences with financial services cannot be separated from the broader economic circumstances of their lives, we begin our discussion of the findings here.

Experiences of Economic Exclusion and Hardship Undermine Low-Income Latinas Financial “Choices”

Respondents consistently described pervasive economic precarity caused by unaffordable housing, unstable, low-paying employment, the impossibility of raising a family on a single income, immigration expenses, and medical bills. As Carmen put it, “We basically live paycheck to paycheck.” Sofia agreed, explaining, “Because one goes to the rent, another goes to the bills, food. I don’t have a savings account. I have nothing left to save.” Although nearly all of our participants resided in affordable housing that limited their rent to no more than one third of their income, respondents struggled to make ends meet, as Carmen observed:

“It’s hard because we get paid very little. Right now, we’re doing okay, thank God, because we do not pay much in rent, but . . . my daughter . . . gets paid $700.00 every two weeks . . . Her two checks go to the rent, and she doesn’t have anything left over for food or to buy things for her daughter. So the little that I can save, I give to her . . . The minimum wage that they’re paying is so little and the rent is so high everywhere.

Difficulty meeting basic needs, particularly food insecurity, was a common problem. As Camila, a respondent in another focus group, explained, “Even though you work, you’re not earning enough . . . I go to the store to buy a pack of tortillas, one of eggs, and this is what I eat all week.” Other women shared their concerns about saving for their children’s education and retirement.

Poverty also undermined psychological well-being (Belle & Doucet, 2003; Smith, 2013) as evidenced by Natalia’s reflection, “When you’re on your own, you get frustrated, you get depressed, you can’t find a way out.” Similarly, Pilar recounted,

I felt like the walls were closing in on me . . . What do I do now? Where do I go? Who can help me? I have to work. Who will help me with my kids, take them to school? I cannot afford everything . . . I felt like instead of getting help, I was getting attacked.

These experiences echo a large body of social science research documenting the struggles faced by poor female-headed households (Bullock, 2013; Edin & Shafer, 2015) and the psychological toll of social and economic isolation (Belle & Doucet, 2003; Smith, 2013).

Importantly, these narratives also challenged dominant constructions of low-income mothers as financially irresponsible and the mantra that financial literacy is the “key” to poverty alleviation. Our respondents made clear that it was not a matter of individual saving, but rather that they had “nothing left to save” and consistent with research investigating poor women’s attributions for poverty (Bullock, 2013; Bullock & Reppond, 2018), they rejected deficit-based explanations for their own economic hardship and instead emphasized structural and material factors. Paola explained,
It’s not that we’re not interested. It’s simply that we do not have enough in our budgets to say, “Oh, I don’t know how to manage it,” because as soon as you have money you have to use it for this and that. We’re already managing it ourselves, right? We do not have anything left to put into the bank, and if you do put something in, it’s to pay another bill that’s coming, right? It’s not for lack of knowing how to manage it . . . but a lack of money.

Laura similarly observed, “The problem is that we can’t make ends meet with what we earn . . . Nothing is free . . . The problem is that we don’t make enough money to afford things.” Collectively, routine struggles between making rent, buying food, and affording other fundamental expenses tell us much about low-income Latinas’ daily struggles and serves as a potent reminder of the fallacy of constructing financial service use as a simple matter of “choice.” Although choice may drive financial service use among economically and racially privileged groups, this was not the case for the low-income Latinas that we spoke with, a point that comes into sharper focus in our examination of experiences with mainstream providers.

**Negative Experiences With Mainstream Financial Services Foster Distrust and Exclusion**

The majority of participants were “banked”—meaning that they held an account with a bank or credit union—yet remained “underbanked” because they continued to rely on alternative services to meet financial needs. High rates of being banked, although somewhat unexpected for a region in which being unbanked is common, can be attributed to our recruitment of participants from affordable housing developments via a nonprofit provider that actively connects residents with services. Nevertheless, as our discussions with low-income mothers progressed, it was evident that simply having a bank account offered limited protection against being underbanked or using alternative financial services.

Across all focus groups, negative experiences with mainstream financial services emerged as a barrier to access. Intersecting institutional and interpersonal discrimination deepened exclusion, with respondents expressing distrust in providers they perceived as unwelcoming and lacking transparency. Bank use was further discouraged by the fear that savings would result in losing public assistance benefits.

**Punitive bank policies and lack of transparency surrounding them fuel distrust.** Punitive banking policies, notably monthly account fees, overdraft charges, fees for not meeting the required number of charges per month, charges for not maintaining a minimum balance, and ATM fees, were among the most commonly mentioned obstacles to accessing mainstream financial services. Describing her bank’s minimum balance requirement, Monica observed:

> You have to have $500.00. If you do not have that amount that month, then we pay them $10.00. You have to do the math . . . Even if you spend $1.00, as long as you charge $1.00 on that card 10 times, they will not charge you $10.00 . . . I said, “Why are they charging me $10.00? I don’t have any money and I’m throwing it away.”

These fees were universally viewed as unnecessary, hidden, and exploitative. As Luisa explained, “They were taking money out of my account, and I didn’t know what was going on . . . I don’t even know where my money is going.” Unclear communication contributed to a climate of distrust, with these practices viewed as an intentional strategy for obscuring exploitative practices:

> Sometimes the banks don’t explain things very well. Then if you make a mistake, they charge us money. ‘I didn’t know because you didn’t tell me,’ I say. They do not explain things to us. I think that’s why they do it - to charge us later for all the mistakes we make. (Yolanda)

Distrustful remarks (e.g., “I don’t trust in banks or any of that;” “I don’t want anything to do with banks or cards. I’m scared of them”) elicited support from other participants.

Respondents’ distrust of the banking industry blurred assumptions of mainstream banking as responsible practices and alternative lenders as problematic. For some, these concerns were grounded in personal experiences in which banks deposited funds into the wrong account or made errors that resulted in bounced checks. Others cited fraudulent, unethical banking practices. As Carla explained, “I’m a little distrustful because I’ve heard rumors that . . . all the [major] banks have done fraud, have done many things with people’s accounts, have stolen from them.”

These perceptions should not be dismissed as misplaced or irrational. In the wake of the Great Recession, bank bailouts, and highly profiled cases of customer exploitation by Wells Fargo (e.g., Cowley, 2017) and other financial leaders, it is not surprising that respondents’ trust in mainstream financial services was undermined. Latinx communities were targets of the predatory practices that fueled the housing crisis, notably low-interest teaser rates on mortgages that later rose to unaffordable levels (Steil, Albright, Rugh, & Massey, 2018). The distrust voiced by respondents aligns with broader trends. According to a survey conducted by UnidosUs (2017), a nonpartisan advocacy group for Latino/as, 81% of 1,000 Latinx respondents believed that if the government had fewer rules for banks, credit card companies, payday lenders, and mortgage providers, these institutions would be more likely to take advantage of them. Respondents also expressed distrust in the Trump administration and Congress to regulate financial institutions.

It should be noted, however, that distrust of banks was not universal. Some participants contrasted credit unions with banks, perceiving them as more trustworthy, personal, straightforward, and having fewer hidden fees (e.g., “It’s not as confusing”) and lower interest rates. Their member-owned, community-focused nature stood as a counterpoint to multinational corporate banks. As Elena explained, “Shareholders are the owners of the banks, and [my credit union] belongs to the people who have their money there.”

**Deepening exclusion: Intersecting institutional and interpersonal discrimination.** It is not simply a matter of low-income Latinas’ distrusting mainstream banks; institutional and interpersonal bias communicate to poor women of color that they are unwelcome. Although some respondents described inclusive practices at mainstream institutions (e.g., Spanish communications, weekend hours, financial classes, helpful staff, ability to access an account without a Social Security number), these were not the norm.

Undocumented status not only blocks Latinx immigrants from participating in the primary labor market (Cho, 2017), it also bars access to mainstream lenders. Many respondents described being deterred from opening bank accounts because they did not have legal immigration documents and a Social Security number (e.g., “They ask for your license, they ask for your Social Security, and if you don’t have it they completely deny it to you . . . It’s really
Evicting barriers cumulate to deepen economic exclusion.

Current anti-immigrant policies and fear of deportation are having chilling effects on Latinx communities across the United States. In Houston, for instance, police department data shows that reports of sexual assault by Hispanics dropped nearly 43% in the first three months of 2017 (Burnett, 2017). Similarly, we found that in response to anti-immigrant policies, some undocumented families were withdrawing their money and/or avoiding banks altogether. This was highlighted by Rosa:

They’re making a Plan B. They’re on Plan A—with no papers, or working, getting cash, or they have a bank. But what they have done is that they’ve taken their money out of the bank and they prefer to keep it at home. They have it at home and they have a Plan B on call, someone who can help them in case they are deported. So, regularly, money right now is at home for people that are with a possible court situation, or who are afraid.

Although respondents resided in sanctuary cities, recent Immigration and Customs Enforcement operations (California News Wire Services, 2017) encouraged the belief that money is safer at home than in banks.

From “redlining” to lending disparities, mainstream banks have an extensive track-record of discriminating against low-income communities of color (see Foley, 2018; Glantz & Martinez, 2018). The Center for Investigative Reporting (Glantz & Martinez, 2018) found that even after controlling for applicants’ income, loan amount, and neighborhood, 2015 and 2016 denial rates were higher for Latinx than European American loan applicants in two dozen cities. Our respondents’ described their own experiences with perceived race and class bias. As Guadalupe simply stated, “Sometimes when you’re Latino they don’t treat you well and they don’t explain things to you well.”

Others, like Maria, attributed being treated with suspicion by bank staff to their low income status and classism, believing that their appearance and clothing influenced how they were treated:

When you’re going to withdraw certain amounts of money, it starts, this—asking you too many questions. ‘Hold on, it’s my money, here is my I.D., here is my account number. It’s my money. . . .’ I think sometimes it’s because they see . . . me . . . in flip-flops and since sometimes I’m in the house cleaning . . . I go in sneakers . . . Sometimes they stare at you and you’re going to withdraw a certain amount and they’re like, ‘Would it be hers?’

Similarly, Luisa recounted being scrutinized by bank staff when she withdrew quarters to use at the laundromat:

It did make me feel really uncomfortable . . . First of all, it’s none of your business what I’m here for. Second . . . it’s a bank! Who cares if I want quarters every day? It’s none of your business. They just shouldn’t make you feel uncomfortable. . . . stopped going there.

Whether subtle or overt, intentional or unintentional, these interactions reproduce patterns of race, class, and gender-based exclusion that position low-income women of color as unwelcome and privilege middle-class and elite European Americans (Bullock & Reppond, 2018). Resonating with research on microaggressions, respondents’ experiences illuminate how “subtle snubs or dismissive looks, gestures, and tones” exclude marginalized groups from essential resources (Sue, 2010, p. xvi).

Discouraging savings and bank use: The risks of low asset limits for means-tested programs. Fear of losing benefits coupled with uncertainty about eligibility criteria across different assistance programs (e.g., housing, food, medical care) further discouraged respondents’ savings and bank use. Low eligibility thresholds for public assistance programs mean that only the poorest applicants qualify, with those above the eligibility thresholds denied support despite considerable need. Consequently, respondents worried that in maintaining bank accounts, they risked being deemed ineligible for assistance. These concerns were amplified by distrust of mainstream providers.

Given the costliness of health care, fear of exceeding eligibility limits, particularly for Medi-Cal California’s Medicaid program for low-income individuals and families, were widespread:

Just one medical emergency can devastate a family and send a cautionary message against keeping savings in a bank account:

I was in the hospital for a week. Because my husband had some savings which we had saved with sacrifice in the two years . . . we didn’t qualify for any aid. That bill was over $100,000.00 . . . and that was only half what they charged me . . . It was a very sad experience . . . and I said, “You know what? If you work, we’re not going to put everything in the bank because if some situation comes up, we won’t have any help.” (Raquel)

Although low eligibility limits are intended to ensure need, they may also discourage and in some cases penalize asset building and money management, the very skills lauded as fostering upward mobility (Vallas & Vallenti, 2014).

Alternative Financial Services Address Unmet Financial Needs but Deepen Hardship

Despite holding bank accounts, use of alternative financial services (e.g., check cashing, money transfer services, pawn shops, and payday loans) were widespread among respondents and their friends and family. Respondents were quick to identify both pros (e.g., convenience, friendliness) and cons (e.g., high interest rates, misleading terms) of alternative providers, with some of the same critiques leveraged against both mainstream and alternative services.

Perceived benefits: A quick way to build building credit and make ends meet. Alternative financial services were widely viewed as both a route for building credit and meeting basic needs. With few mainstream mechanisms for building credit, alternative lenders offered an economic toehold. As Valentina explained, “I wanted to get things on finance to build credit . . . I started at [a]
financial industry in which “the poor pay more” for essential goods (Hill & Kozup, 2007). Collectively, these experiences are indicative of a two-tiered system where “the rich pay less” for basic needs (e.g., rent) and urgent, unexpected expenses (e.g., medical care), as illustrated by Ana: “They get you out of an emergency.” Convenience and speed, what Hill and Kozup (2007, p. 35) referred to as the “friendly veneer” of predatory lenders, were also regarded as assets. Explaining her rationale for paying costly check cashing fees, Paola noted, “You usually get paid on Friday or Saturday, so you don’t have to wait until it gets processed on Monday. Sometimes you don’t get the money until Tuesday. Sometimes you need it to pay the rent.” Alternative services were perceived as more accessible than mainstream banks. Complementing our geographic information system map documenting the prevalence of alternative providers, participants described these services as associated with later business hours, fewer requirements for legal documents and Social Security numbers, and shorter wait times than those at banks. “The problem is that there are really long lines [at the bank],” observed Maribel. “It’s more convenient to go to the store and buy something to cash the check there.” This convenience, however, came at a high cost.

Predatory terms deepen hardship. The “predatory” nature of alternative services came into sharp focus when women discussed the high fees they paid for routine checking cashing and exorbitant interest charged on loans. As Alicia described, “When they charge you to cash a check, they charge a lot. One time I wanted to cash one here that was $30.00, and they charged me $5.00.” Women also paid high fees to send money to family members in other countries (e.g., “My son sends money to Mexico, and whenever he sends it, they charge $10.00. Every time he sends it, if he sends $20.00, $30.00, $40.00, it’s $10.00”). Similarly, payday loans carried high interest, with Renata simply stating, “They lend money with a lot of interest. They charge you double.”

Not surprisingly, many participants had difficulty repaying alternative loans and fell behind on payments due to the high interest rates, causing significant distress. This sentiment was voiced by Lilian, who stated, “It’s almost two years and I can’t finish paying ... I’m frustrated.” Isabel described her son’s struggle to pay the interest and fees on an alternative loan, “It was going up a lot when he didn’t pay on time. They would charge him interest and it was too much ... the problem with that loan is that you have to pay every week.” Late payments not only resulted in fines and higher interest rates but also reborrowing, as noted by Luisa: “What I would do is just try to just pay it off ... But then you still kinda need that money, so ... re-loan again, but it’s like $40 every two weeks that you would ... be giving away.” Similarly, Susana shared, “You would pay it off, and then you gotta take another one.” Others, like Lidia, lost their possessions when they unable to make payments, “I’ve gone and pawned things, and at times I couldn’t get them back because I was paying the interest ... If they lent me, let’s say, $1,000, I have to pay 20% interest—just the interest.”

These findings contextualize the fact that most payday loans are reborrowed because the borrower cannot afford to repay the loan (CFPB, 2016). Focusing on inability to meet payment schedules only reveals part of the problem. In some cases, alternative lenders aggressively pursue “roll overs” by encouraging borrowers to make bigger purchases, pushing them further and further into debt (Hill & Kozup, 2007). Collectively, these experiences are indicative of a two-tiered financial industry in which “the poor pay more” for essential goods and services (Badger, 2016) and the “reverse redlining” practices that drain marginalized communities of capital (Squires, 2004).

**Parallels between alternative and mainstream services.** Although respondents did not equate alternative with mainstream lenders, it is notable that some similar critiques were leveraged against both types of services. As with mainstream lenders, alternative providers were described as making errors that caused stress and economic hardship. Delayed money transfers were common problem (e.g., “We sent money and it didn’t get there, but they took several days to fix it again”). Unclear, misleading terms was another shared criticism, with negative consequences for alternative borrowers described as more severe. Discussing how her friend became trapped in a cycle of debt, Rosa explained, “I feel that they take advantage of people’s ignorance—and their need. Because they don’t explain to them.”

**Summary: Navigating the “push” of mainstream and the “pull” of alternative financial services.** Although “push” factors prevented or discouraged informants from accessing mainstream financial services (e.g., discrimination, fees), “pull” factors drew them to alternative providers. Reasons for using alternative financial services usually stemmed from economic hardship and constraints on time; alternative lenders were perceived as easier to access than mainstream banks due to fewer requirements for legal documents and Social Security numbers, later hours, and shorter wait times. Although the dangers of high fees and interest rates were generally understood, many respondents still used them out of necessity and the absence of other viable options. Paralleling previous analyses (CFPB, 2016; Lim et al., 2014), predatory terms resulted in difficulty repaying loans greater precarity among low-income Latinas.

**Strategies for Resisting Economic Exclusion.** Despite facing numerous barriers, informants engaged in multiple strategies to fight exclusionary practices. Our analysis revealed three primary tactics: rejecting deficit understandings of poverty and money management; sharing financial resources and information with other mothers; and supporting holistic approaches to economic inclusion. In doing so, mothers worked to foster greater economic security for their families and the Latinx community more broadly.

**Rejecting deficit understandings of poverty and money management.** By asserting their skillfulness handling family finances, they rejected stereotypes characterizing poor Latinas as lacking the intelligence, will, or discipline to effectively manage money and challenged the notion that financial literacy is the “solution” to economic hardship. As Lidia explained, “I don’t feel like I need somebody to tell me how to use my money. I’m the one who earns it. I know the needs that I have.” Participants identified insufficient material resources as their root problem rather than incompetence, and broadly shared their strategies for paying off loans as quickly as possible, using money orders and cash to circumvent legal status barriers, using services with the lowest rates, teaching their children to budget, and saving money by purchasing second-hand clothing, off-brand food, and comparing prices for necessities. These findings underscore the importance of ensuring that low-income women of color, who hold valuable knowledge regarding their needs and assets, are included as active partners in strengthening their community’s financial well-being.
Engaging in relational support. A large body of social science research documents the role of social capital—the relational ties that bind a community together—in fostering empowerment, cooperation, and collective action (Collins, Neal, & Neal, 2014; Warren, Thompson, & Saegert, 2001). Relational support among our informants helped combat economic exploitation and foster a collective pool of knowledge. Participants reported giving and receiving money and sharing knowledge with friends and family in times of need. Despite having limited resources, herself, one informant, Rosa, helped a friend navigate a high interest loan:

She went and asked for $2,000 a year ago... They were charging her 29.99% interest... The $300 she was giving a month, was just the interest... I told her, “No, it’s wrong... You’re not even going to finish paying this in a year, two years, three years”... I told her, “I’ll lend you the money, go pay that... otherwise, you’ll never finish paying.”

In addition to this type of one-on-one support, informants shared their knowledge of and experiences with alternative services with neighbors and communities. In doing so, they advanced a shared understanding of which providers were especially untrustworthy and exploitative, with the aim of protecting others from the most egregious lenders.

Collective responses to economic exclusion were also evident in participants’ use of tandas, or lending circles with friends and neighbors. Emphasizing trust and communality, tandas are popular in immigrant and Latinx communities (Vélez-Ibáñez, 2010). Operating as collective saving circles, tandas can provide their members with an influx of quick cash to make large purchases without borrowing from alternative lenders or accruing interest. Together, these practices speak to powerful mediating role of family and community relationships in combating poverty and economic exclusion. Nevertheless, as our respondents noted, tandas carried their own risks when others did not contribute their fair share.

Supporting holistic approaches to economic inclusion. Informants provided numerous recommendations for enhancing Latinas’ financial well-being. Respondents cited the need for financial skill-building workshops including budgeting for mothers, improving credit scores, making informed decisions about interest rates and credit cards, saving for college and retirement, using online banking, and avoiding scams. Mothers also voiced an interest in better understanding life insurance, using ITIN, and financial resources for teens. Higher levels of financial knowledge are associated with decreased use of alternative financial services, underscoring the importance of education in these areas (Birkenmaier & Fu, 2016).

However, informants’ recommendations were not limited to financial education. Participants spoke of benefitting from classes offered by local organizations on running a business, nutrition, and English language skills. Women’s support groups, immigration support and migrant programs, and food distribution programs were also identified as ways to bolster informants’ financial well-being. Accommodations for busy mothers were regarded as essential to the success of any programming. Sensitivity to mothers’ schedules, providing food, offering programs in Spanish, and free childcare were viewed as pivotal. “Who do I leave the kids with?” Gabriela asked. Another informant, Marcela, explained,

“We’re Latinas... I have two jobs... Coming in to take classes is very hard for me and I’m too tired to come sit in a class. I’d fall asleep on my desk. If I’m not going to understand anything... why should I go? I’ve taken classes at the hospital... and I do not learn anything.”

These comments underscore the importance of including low-income Latinas in program planning and development to ensure accessibility and engagement.

Discussion

Our findings lend insight into low-income Latinx mothers’ use of alternative financial services (e.g., payday loans, money transfer services), the impact of these services on their families, and barriers and facilitators of mainstream banking use. Although the majority of the low-income Latinx mothers we spoke with had bank accounts, they remained underbanked, with poverty and exclusion limiting their financial “options.” Consistent with research examining Latinx financial services use (Birkenmaier & Fu, 2016; Northwood & Rhine, 2017), frequently cited barriers to mainstream banking access included fees and unanticipated charges, uncertainty regarding interest rates, lack of a Social Security number, needing cash quickly, perceived discriminatory treatment, fear of deportation due to undocumented status, and concern that they would lose public assistance benefits. Given the high concentration of alternative financial services (e.g., check cashing, cash advance loans) in the region and multiple barriers reported to accessing mainstream banks, usage of alternative services was widespread as was difficulty repaying these loans.

Importantly, low-income Latinx mothers resisted economic exclusion by rejecting stereotypes about their financial responsibility and sharing information about exploitative lenders with other women in their community.

Collectively, our findings illuminate the intersecting factors that “push” low-income Latinx mothers away from mainstream financial lenders and “pull” them toward alternative services. In doing so, our findings deepen our understanding of the sources and consequences of economic exclusion. Among low-income Latinx mothers, intersecting classism, racism, and sexism coupled with a lack of transparency in mainstream banking practices fueled distrust. Alternative providers gladly “welcome” low-income Latinx mothers pushed out by mainstream lenders’ excessive fees, long wait times, and discriminatory policies and treatment. Among those fearful of losing their health care benefits and other vital forms of assistance or being deported, the risks associated with mainstream banks is likely to outweigh the benefits. Given the current attack on both Latinx immigrants and public assistance programs, we expect these deterrents to persist.

Despite unethical behavior by mainstream financial institutions (Cowley, 2017) and respondents’ own problematic interactions with these lenders, they remain foundational to saving money, building assets and credit, and securing loans. This point is illustrated by Lim, Livermore, and Davis (2010) finding that banked low-income families consistently experienced less material hardship than their unbanked counterparts. Yet, for low-income Latinx mothers who are struggling to be economically secure, access to mainstream lenders also requires developing strategies for negotiating deep rooted institutional and interpersonal exclusion. Doing so can be essential to gaining financial ground and “legitimacy.” For example, eligibility to live in affordable housing developments is often contingent on having a mainstream bank account. In this respect, low-income Latinx mothers face a “catch 22” in which...
they must find ways to negotiate perceived mistreatment by mainstream service providers to meet at least some of their basic needs.

Gaining a nuanced understanding of how low-income Latinx mothers manage these complex raced, classed, and gendered trade-offs is essential to promoting Latinas’ financial inclusion.

Our findings illuminate numerous ways that mainstream financial institutions can better support low-income Latinx mothers and their families (see Barr, 2004; Birkenmaier, 2012). Cultural competence training, although not a panacea, can help reduce interpersonal discrimination by bank staff, and offering convenient afterwork hours and bilingual staff and materials can foster a more “welcoming” climate. However, as our findings make clear, these efforts are unlikely to be successful if they do not address intersecting oppressions (e.g., gender, race, ethnicity, class, language bias, xenophobia). Inclusive policies such as no fee accounts and waived minimum balances for low-income individuals and families as well as understandable loan terms should be universally adopted (Birkenmaier & Fu, 2016). Barriers surrounding ITIN use must be levied if we are serious about increasing low-income Latinx mothers’ access to financial services. It is also essential that asset limits for social services be raised to ensure that low-income families can save and still receive much needed benefits. Community advocacy and community organizations can help lobby for institutional change (Caplan, 2014).

Importantly, both mainstream and alternative lenders have earned low-income Latinas’ distrust; earning their trust will require structural not superficial change (Chin, 2004).

In the absence of such policies, Latinx communities, especially undocumented individuals and families, will continue to find alternative lenders a “safer,” more accessible, convenient option. Although some respondents successfully paid off loans from alternative lenders, this was the exception not the norm, with borrowers’ experiences paralleling well-established trajectories of falling behind on their payments, accruing steep penalties, and rolling loans over into larger debt. Deepened hardship occurred despite our sample’s privilege relative to other low-income Latinx mothers in the region. Our informants were poor and contended with multiple forms of exclusion, but they were also banked and most lived in affordable housing developments that limited their rent to one third of their income. Higher prevalence of being unbanked would likely have been found among a broader sample and perhaps even greater hardship and exclusion. Our findings make clear that being banked does not protect low-income Latinas from turning to predatory lenders. A myriad of factors—poverty, low wages, discrimination in its many forms, lack of regulations, a weak safety net, and immigration policies—all play a role in reproducing low-income Latinx mothers’ economic exclusion and keeping alternative lenders in business.

Respondents’ holistic recommendations for fostering economic well-being is indicative of their recognition that systemic change, not simply education on financial literacy, is needed. Indeed, numerous respondents noted the uselessness of money management if there is no money to manage. Along these same lines, regulations of alternative lenders may not succeed if poverty is not also addressed. Friedline and Kepple (2017) found that state regulations prohibiting payday lenders had protective effects for the modest- and highest-income groups in their analysis but had no effect for the lowest income group. Women’s warnings to others in their communities about egregious lenders is an important grassroots resistance strategy but again it is no match for “defanged” consumer protections. Under the Trump administration, the CFPB is considering reversing “ability to repay” regulations that require payday lenders to ensure that borrowers can repay their loan and accrued interest in full in 30 days and limit the number of loans that can be taken during a given time period (CFPB, 2018). These proposed changes are being heralded as “the new golden age of payday lending” (Madrid, 2018, para 1).

Psychological research on the impact of scarcity shows how reduced “cognitive bandwidth” heightens vulnerability to exploitative lending terms (Mullainathan & Shafir, 2013). This research helps destigmatize seemingly self-destructive financial behaviors, such as taking out high-interest loans, by showing that in conditions of scarcity, any socioeconomic group, not just low-income groups, are prone to making “flawed” choices. Understanding these cognitive biases is important but we should not lose sight of the systematic exclusion and disproportionate targeting of low-income Latinx communities (Center for Responsible Lending, 2009; Dunham & Foster, 2015). The high ratio of alternative lenders in the city in which our respondents lived is but one example. Marginalized communities are rarely treated as partners in shaping the policies and programs that affect their lives. Amplifying low-income Latinx mothers’ perceptions of and experiences with mainstream and alternative lenders and their recommendations for strengthening financial well-being is one step toward building a more inclusive economy.

This study moves us toward these goals but is not without limitations. Notably, our sample was restricted in terms of geographic location, relatively privileged in that all participants were currently banked, and based solely on individual, retrospective accounts of financial service use. Low-income Latinx mothers are a heterogeneous group, and we suspect that greater hardship and difficulty paying off high interest loans would have been reported if our sample were unbanked and less connected with supportive services. Moreover, our findings offer a “static” snapshot of low-income Latinx mothers experiences. Longitudinal research with Latinas and their partners is needed to provide a more comprehensive understanding of the intersecting factors that contribute to the “push” and “pull” of alternative service use over time as well as family dynamics surrounding financial decision making (e.g., gendered power dynamics). Following low-income Latinx mothers’ longitudinally can illuminate how employment status, pay, educational attainment, and other factors shape financial service use and economic security.

Diverse methodologies and approaches to these issues are needed. We selected focus groups because of their potential to foster solidarity among respondents and break the silence that frequently accompanies economic hardship; however, their “public” nature also has the potential to limit sharing. Individual interviews and diary studies can be used to delve more deeply low-income Latinas’ financial service use and document daily experiences. Importantly, psychological research must take care not to reduce financial service use to individual “choice” and neglect longstanding exploitation and structural exclusion. We regard geographic information system mapping and other data visualization techniques as powerful tools for contextualizing inequalities and believe their incorporation can enrich psychological analyses.

Examining low-income Latinx mothers’ experiences of financial exclusion provides much needed insight into how gender, race, ethnicity, class, and immigration status intersect to limit opportu-
nity and deepen economic hardship. We hope this analysis will spur greater psychological attention to the unique obstacles facing low-income Latinx mothers and the adoption of policies and practices that foster greater inclusion. Doing so will undoubtedly require rejecting “one size fits all” approaches to financial inclusion and instead focus on intersecting oppressions and the development of inclusive services that are culturally sensitive and responsive to Latinas’ family and work responsibilities.

References


Murphy, D., Belford, J., Balding, S., & Beckwith, S. (2018, September 18). In 33 states, Hispanic or black children are more than twice as likely to be in poverty than their white peers. *Child Trends*. Retrieved from https://www.childtrends.org/in-33-states-hispanic-or-black-children-are-more-than-twice-as-likely-to-be-in-poverty-than-their-white-peers


(Appendix follows)
Appendix

Geographic Information System Mapping of Mainstream and Alternative Financial Services

See the online article for the color version of this figure.