

December 18, 2012

Mr. Robert E. Feldman
Office of the Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Submitted electronically to <http://www.regulations.gov>

Re: Federal Docket No. 2012-25702
Agency Information Collection Activities: Proposed Revision of Information Collection;
National Survey of Unbanked and Underbanked Households; Comment Request

- a) Whether the collection of information is necessary for the proper performance of the FDIC's functions, including whether the information has practical utility;*
- b) The accuracy of the estimates of the burden of the information collection*
- c) Ways to enhance the quality, utility, and clarity of the information to be collected*
- d) Ways to minimize the burden of the information collection on respondents, including through the use of automated collection techniques or other forms of information technology*

Dear Federal Deposit Insurance Corporation:

The Southeast Asia Resource Action Center (SEARAC) commends the Federal Deposit Insurance Corporation for its commitment to survey and understand the characteristics and size of the unbanked and underbanked populations in the United States. These comments and recommendations stem from our continual efforts to advocate for increased data and information for our communities in the areas of education, health care, and economic development.

SEARAC is a national organization that advances the interests of Cambodian, Laotian, and Vietnamese Americans by empowering communities through advocacy, leadership development, and capacity building to create a socially just and equitable society. SEARAC was founded in 1979 to foster the development of nonprofit organizations led by and for Southeast Asian Americans. Today, SEARAC strengthens the capacity of community-based organizations led by refugees from around the world, serves as a coalition builder and leader among diverse refugee communities, carries out action-based research projects, fosters civic engagement among refugees, and represents refugee communities at the national level in Washington, DC and at the state level in California.

Information about financial decision-making in the Southeast Asian American (SEAA) community is difficult to come by. As such, SEARAC engaged in community-based research to gain a more focused view of the SEAA community to help increase awareness of the

importance of safe and informed banking and financial habits, as well as to have a more focused approach to advocating around the specific needs of SEAA communities as it relates to the topic. SEARAC released its own community-based participatory research regarding the use of banking and financial services of the Southeast Asian American communities in the state of California earlier this year. The report, entitled, *“Encouraging Economic Empowerment: A Report on the Financial and Banking Capabilities of Southeast Asian American Communities in California,”* can be viewed online at: http://www.searac.org/sites/default/files/SEARAC_2012_MAY_FINAL.pdf.

Importance and practical utility of information

SEARAC is grateful for the information reported in the FDIC’s *National Survey of Unbanked and Underbanked Households*. Understanding the unbanked and underbanked populations is crucial to not only mainstream economic inclusiveness, but also plays an important role in helping shape outreach, education, and other consumer financial behavioral habits of the lower to moderate income individuals and families that we serve.

SEARAC utilized the information presented in the FDIC’s 2009 published report as a starting point for our research into the financial and banking capabilities of Cambodians, Laotians, and Vietnamese Americans in California. Specifically, the 2009 report suggested that Asians were the least likely to be unbanked. The report also showed that certain characteristics such as education, foreign-born status, and language access also increased the likelihood of being unbanked. However, SEAs have higher proportions of foreign-born noncitizens, limited English proficiency, and lower educational attainment than other Asian sub-groups, leading us to seek to build upon the information set forth from the FDIC. Additionally, SEAs arrived in the United States from countries that did not have strong formal financial institutions. Access to mainstream capital remains largely unavailable even today in Cambodia, Laos, and Vietnam.

Ways to enhance quality, utility, and clarity of the information collected

The information presented in the FDIC report will have more utility if advocacy groups, community-based organizations, non-profits, and other stakeholders are able to use the information to help target their outreach and education efforts.

As an agency that is interested in financial institutions and consumer protections, we urge the FDIC to increase the granularity of the demographic groups reported. More refined demographic data within the often overlooked Asian American & Pacific Islander community helps to paint a clearer picture of the needs of the diverse population. For example, SEAA populations are often overlooked due to the misconception known as the “model minority myth”— the misleading belief that Asian Americans are the most economically well-off and most educated of all the minority groups in the United States.

By collecting granular data from Cambodian, Laotian, and Vietnamese Americans through questionnaires and focus groups with community members, SEARAC’s research revealed trends that both confirm findings by the FDIC and reveal additional trends for being

unbanked among the SEAA community. For example, similar to the 2009 FDIC report, most research participants without a checking account reported not having enough money as a main reason for not having a checking account.¹ However, SEARAC found that the second and third reasons for Southeast Asian Americans not having a checking account were due to being uncomfortable in banks, and not understanding the information provided in English.² These cultural and linguistic barriers rank higher among Southeast Asian American community members than compared to the findings from the FDIC report.

Additionally, respondents' financial education or financial literacy influenced how individuals approached banking and financial institutions, and by extension whether or not they were banked or unbanked. ***As such, we recommend the addition of questions to an FDIC survey instrument that explicitly ask respondents about their financial and banking related education.*** These questions should focus on the primary financial decision-maker of the household. The burden of the question is not likely to increase the overall burden of the instrument as the options of likely responses will range from variations of schools, places of worship and congregation, from friends and family, banking or financial representatives, and/or self-teaching.

A third recommendation is to include cross-tabulations of information to help organizations and institutions to target their resources in outreach and research. As highlighted in the FDIC's reports, cross-tabulated data is key to understanding the factors that contribute to the likelihood of utilizing alternative financial services over a federally or locally insured deposit institution. As such, utility would be gained from publishing or making available cross-tabulated information about those surveyed. For example, it would be interesting to know, of the foreign-born population that is deemed unbanked or underbanked, how the percentages break down according to income bracket, citizenship status, and even geographic region. This would help organizations think more strategically about how to target efforts related to financial education and economic inclusion.

In terms of survey information collection, SEARAC understands the unlikeliness of increasing sample sizes and asking more sensitive financial behavior related questions due to the restrictions of being a supplement to the ACS. ***One suggestion that we proffer is that the FDIC consider including questions on the Census Bureau's American Community Survey (ACS) forms.*** In the ACS's current form, the ACS allows for granular demographic and socio-economic information. The burden of additional questions related to being unbanked or underbanked may be worth looking into for the FDIC.

Conclusion

In general, the FDIC's report is helpful in thinking about the overall unbanked and underbanked population. It helps to shed light on an issue that is somewhat hard to

¹ Phetchareun, Riemsalio. 2012. *Encouraging Economic Empowerment: A Report on the Financial and Banking Capabilities of Southeast Asian American Communities in California*. Washington, DC: Southeast Asia Resource Action Center (SEARAC): 16.

² Ibid.

quantify given the nature of the sensitivity of the topic. Sound banking and financial behaviors is critical for the continued economic development of individuals, households, and communities within Cambodian, Laotian, and Vietnamese American communities. As such, SEARAC would like to see future FDIC surveys have more detailed demographic and socio-economic information about the unbanked and underbanked populations, and also ask respondents questions about where they learned what they know about banking and personal finance.