The Financial Assimilation of an Immigrant Group:

Evidence on the Use of Checking and Savings Accounts and Currency Exchanges*

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Abstract

This paper examines the determinants of financial market participation for a particular group of immigrants: Hmong refugees in Minneapolis/St. Paul, Minnesota. Our findings indicate that controlling for income and education, Hmong immigrants are less likely to have savings accounts and credit cards and are more likely to use currency exchanges, compared to randomly selected non-Hmong households living in the same neighborhoods. However, these effects are mitigated by time spent in the U.S. Financial assimilation appears to take fifteen to twenty years. These findings expand our understanding of immigrant assimilation and highlight some of the complexities associated with the process of assimilation.

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1. Introduction

While most discussions of immigrant assimilation have focused on the labor market, their participation in the formal financial sector is a critical and largely unstudied dimension of economic assimilation. Immigrants are less likely to use mainstream financial services, compared to the native-born. Many immigrants have characteristics, including minority status, low income and education levels, that are associated with having neither a checking nor a savings account. These characteristics do not, however, explain why immigrants are less likely to use mainstream financial services. Even among low-income households, immigrants are less likely to have a checking or a savings account, compared to the native-born (Dunham, 2001).

Immigrants are a large and growing part of the U.S. population. According to the 2000 Census, 10.4% of the U.S. population is foreign-born. In addition to being a substantial fraction of the U.S. population, immigrants are often geographically concentrated. Immigrants tend to form ethnic enclaves – neighborhoods with a large percentage of immigrants who come from the same country, or even from the same region within a country. These demographic characteristics indicate that immigrant assimilation into the financial mainstream will have widely reaching community development implications, ranging from crime rates to small business formation.

Individuals without bank accounts, and in particular immigrants without bank accounts, are often targeted by criminals, since the "unbanked" are likely to carry cash and may be reluctant to report crime. This effect is likely to be exacerbated for undocumented immigrants. Immigrant participation in mainstream financial institutions may lead to lower crime rates for the communities in which they live.

Small business formation and access to credit for small businesses in immigrant neighborhoods are also likely to be affected by financial assimilation. Many entrepreneurs cite having an on-going relationship with a financial institution as a key factor in seeking bank financing. Communities with lower levels of participation in formal financial institutions are likely to have lower rates of entrepreneurship and existing businesses in these communities may face more difficulty in obtaining credit.

Much like entrepreneurs, many people seeking home loans state that having an on-going relationship – via a savings or checking account -- with a bank is one of the reasons that they approach that bank for a home loan. Individuals and families without a savings or a checking account may find the process of getting information about and applying for a home purchase loan more daunting.

One barrier to opening a savings account for some immigrants has been their legal status. Typically, banks require a social security number to open a savings account, since interest earnings must be reported to the Internal Revenue Service.[1] This barrier may discourage savings, leading to low rates of asset accumulation for immigrants, compared to the native born. All of these effects of low rates of usage of formal financial services are likely to be passed on to future generations, since not having a bank account, for example, is more likely if one's parents did not have a bank account.

While the fact that immigrants are less likely to use mainstream financial services has attracted some notice, little is known about how the use of financial services is affected by the immigrant experience. For example, do immigrant rates of being "unbanked" become similar to those of comparable natives, the longer immigrants spend

[1] Recently, some financial institutions have moved away from this requirement, particularly for Mexican immigrants, and are allowing individuals to provide a tax id number in place of a social security number and to verify identification using a card issued by the Mexican Consulate.

in the U.S? How do characteristics like legal status, refugee status, family structure, and English proficiency influence the decision to use financial services?

This paper examines the determinants of financial assimilation for a particular group of immigrants: Hmong refugees in Minneapolis/St. Paul, Minnesota. In addition, we provide estimates of labor market assimilation and compare the factors that influence financial and labor market assimilation. These results of this study will extend our understanding of immigrant assimilation and highlight some of the complexities associated with the process of assimilation.

Our findings indicate that controlling for income and education, Hmong immigrants are less likely to have savings accounts and credit cards and are more likely to use currency exchanges, compared to randomly selected non-Hmong households living in the same neighborhoods. However, these effects are mitigated by time spent in the U.S. Financial assimilation appears to take approximately fifteen years. By comparison, it takes about 25 years for Hmong wage rates to reach those of similar non-Hmong workers. In contrast, Chiswick (1978) finds that immigrants close the earnings gap with the native-born in about 10 – 15 years.[2]

Because we analyze a sample of refugees, these findings are unlikely to be biased by selective return migration (see Edin, LaLonde and Aslund (2000) for a discussion of how return migration can seriously bias wage assimilation estimates). However, with a single cross-section, we cannot distinguish the effect of time spent in the U.S. from time of arrival in the U.S. A small group of Hmong with particularly close connections to

[2] The Chiswick study (like ours) uses cross-sectional data, and Borjas (1985) suggests that because of this Chiswick overestimates the pace of assimilation.

U.S. forces operating in Laos and Viet Nam were the first to arrive in the U.S.[3] To the extent that these connections facilitated assimilation, the cross-sectional results may over-estimate the pace of financial and wage assimilation. Some later arrivals were reluctant to leave refugee camps in Thailand because they hoped that they might eventually be able to return to Laos.[4] The leader of the Hmong resistance, General Vang Pao, had promised to return to Laos and lead his people back to the Hmong homelands.[5]

Taking this into account, a conservative interpretation of our findings indicates that they provide an estimate of the pace of assimilation that is biased downwards. In other words, for the Hmong, financial assimilation may actually take longer than the 15 to 20 year period suggested by our results. That financial assimilation takes place in the context of nearly a generation, rather than over just a few years, has important policy implications. For example, financial literacy campaigns may want to focus particularly on the children of immigrants so that the effects of low levels of participation in mainstream financial institutions are not passed onto future generations.

The remainder of the paper is organized as follows. The following section provides some background on the Hmong and describes the data. We present our findings in section three. Section four concludes.

2. Background and Data

[3] To address this issue, we have analyzed the effect of controlling for coming from a military family. The conclusions are largely unchanged. These estimates are available upon request.

[4] To the extent that exogenous events influence the timing of arrival, the findings are more likely to be unbiased. There is evidence that exogenous rainfall patterns may have influenced the timing of resettlement. For example, Hmong arrivals in Thai refugee camps peak after the harvest and are particularly high in drought years.

[5] Indeed, on June 4, 2007 the United States arrested General Vang Pao and charged him with conspiring to overthrow the government in Laos.

The Hmong immigrants come from a tribal culture indigenous to areas of Laos, Vietnam, Thailand, Burma and China. Between 1975 and 1991, more than 500,000 people fled Laos and became international political refugees. The Laotian and Vietnamese governments were hostile toward the Hmong because the Hmong fought for the Americans during the Vietnam War. Most of the Hmong spent several years in refugee camps in Thailand. In the data we study, more than 20% of the 1,170 individuals living in Hmong families were born in Thailand. Eventually, nearly all of the Hmong were resettled in third countries with most of them coming to the U.S. In 2001, there were approximately 300,000 Hmong living in the U.S., concentrated in Minnesota, Wisconsin and California.[6]

The sample that we study consists of 202 Hmong households and 202 non-Hmong households who reside in parts of Minneapolis and St. Paul, Minnesota with a high concentration of Hmong households. On behalf of the Federal Reserve Banks of Chicago and Minneapolis, The Wilder Research Center in St. Paul, Minnesota gathered the data. For the Hmong group, the Center screened 1,083 randomly selected households from a sample of blocks in St. Paul and Minneapolis identified as having high concentrations of the Hmong population. Three hundred and thirteen Hmong households were identified and contacted, of whom 202 completed the survey. The control households were randomly selected from non-Hmong households living in the same neighborhoods. Of the 322 control households that were contacted, 202 completed the survey.

Tables 1 through 3 present descriptive statistics for the Hmong and Control groups. We also summarize the Hmong household data according to the number of years

[6] An additional 15,000 Hmong refugees were resettled in the United States in 2005, following the closure of the last official refugee camp in Thailand in May of that year.

the household head has lived in the U.S. There are three categories: 10 years or less, 11 to 14 years and 15 years or more. The sample is more or less evenly divided across these three categories. As shown in Table 1, Hmong households tend to be much larger than the Control households. The average Hmong household has 5.8 members compared to 2.5 for the Control sample. Hmong households are also more likely to be headed by males, 68% v. 44% for the Control sample. Nearly 30% of Hmong household heads report having received *no* formal education. In contrast, 90% of the Control sample has *at least* a high school diploma or the equivalent. While nearly 60% of Control households have annual incomes that exceed $30,000, only 46% of the Hmong households have income in this range.

In addition, Hmong households are more likely to receive public assistance. Thirty-seven percent of Hmong households receive food stamps, 31% receive Supplemental Security Income (SSI) and 24% participate in the Minnesota Family Investment Program.[7] In contrast, only 8% of the Control sample receives food stamps and only 3.5% receive SSI. However, 24% of the Control sample receives Social Security (retirement income), which is consistent with the fact that the average Control household head is nearly 50 years old, while the typical Hmong household head is 41 years old.

The differences in education and income across the two samples are mitigated by time spent in the U.S. In fact, 21% of the Hmong who have lived in the U.S. for 15 or more years have college degrees, compared to 19% for the Control group. Similarly,

[7] SSI is Supplemental Security Income (a Federal income supplement program funded by general tax revenues, not Social Security taxes). SSI is designed to help aged, blind and disabled people who have little or no income; and it provides cash to meet basic needs for food clothing, and shelter. MFIP (Minnesota Family Investment Program) is a welfare-to-work program that seeks to encourage work,

18% of the Hmong with over 15 years in the U.S. earn over $45,000 per year, compared to 7% for the Control sample.

In addition to having less education and lower incomes than the Control sample, Hmong households report more instances of economic hardship over the five years prior to the survey. Recent arrivals were the most likely to report economic setbacks (70%), and the experience of economic hardship for Hmong households that have been in the U.S. for 15 or more years is slightly lower than for the Control sample (55% v. 57%). Both the Hmong and the Control households are most likely to report an economic setback due to a substantial increase in living expenses (34% for Control and 38% for the Hmong). The next most popular response for both groups is experiencing a period of unusually low income (28% for Control and 34% for the Hmong).

Table 2 describes how the Hmong and control samples cope with adverse circumstances. For the Hmong, the most frequent response to a financial setback was to obtain emergency funds from the county of welfare office (39%) and to reduce household consumption (38%). Control group households are much more likely to adjust their consumption behavior in response to economic hardship (65%) and much less likely to seek emergency funds (17%). Hmong households are less likely than the Control group to delay or fail to pay their debts (19% v. 35%). The fraction of Hmong households who delay or fail to pay debts increases substantially with tenure in the U.S. Hmong households are much less likely to sell assets, use credit cards, and borrow from banks or individual lenders to cope with a setback. The likelihood of credit card usage increases with tenure in the U.S.

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reduce welfare dependency and alleviate poverty. MFIP offers enhanced financial incentives to working families and mandates employment and training workshops.

On average, Hmong households are less likely than the Control group to work longer hours, but they are more likely to put other family member to work. In addition, Hmong households are more likely to borrow from relatives, friends, and ethnic associations, but are less likely to use cash or household savings in response to a setback.

Table 3 summarizes the measures of financial assimilation that we analyze in this paper. While 81% of Hmong households have either a checking or a savings account, more than 90% of the Control households have one of these accounts. This difference between the Hmong and Control households is primarily driven by savings accounts. Seventy percent of Control households have a savings account compared to only 43% of Hmong households. Hmong households are also less likely to use credit cards (45%) compared to the Control sample (70%). On the other hand, Hmong households are much more likely than their Control counterparts to use a check cashing outlet to purchase a money order or to cash a check (33% v. 10%).

Although the Hmong are less likely to use formal financial services than the Control sample, there does appear to be evidence of financial assimilation. The use of financial services by the Hmong increases with time in the U.S. Along many dimensions, the Hmong who have been in the U.S. for 15 or more years appear to be very similar to the Control sample. For example, 84% of the Hmong who have been in the U.S. the longest have a checking account, compared to 87% of the Control sample. Sixty percent of this Hmong subgroup have a savings account compared to 70% of the Control sample. In addition 64% of the early Hmong arrivals have a credit card compared to 70% of the Control sample.

3. Results

The figures presented in Table 3 suggest that the longer the Hmong live in the U.S., the more closely their use of financial services resembles that of their non-Hmong neighbors. However, the bivariate relationship described in the table is likely to be influenced by other factors that are also associated with assimilation, like income growth and language acquisition. In this section, we report on our analysis of the relationship between time in the U.S. and the use of financial services, controlling for a number of other important factors. We also examine the relationship between time in the U.S. and wages, again controlling for other important factors.

The financial services measures that we examine are: whether the household has a checking account, whether the household has a savings account, whether the household has a credit card and whether the household has used a check cashing outlet to purchase a money order or cash a check. These dependent variables can take on a value of one or zero. We use probit maximum likelihood estimation. Specifically, the estimation chooses parameters (β, γ, and λ) to maximize:

$$\ln L = \sum_{A_i=1} \ln \Phi(\beta' X_i + H_i\gamma + H_i Y_i \lambda) + \sum_{A_i=0} \ln(1 - \Phi(\beta' X_i + H_i\gamma + H_i Y_i \lambda))$$ where A_i is

equal to one if household i uses the financial service in question and Φ( ) is the cumulative normal distribution.

The vector X_i includes important explanatory variables: the age of the household head, age squared, whether or not the household head is male, household size as well as controls for income and education. We provide two estimates for each financial service. In the first estimate, we control only for whether the household is Hmong (H_i = 1). In the second, we also control for the number of years that Hmong households have lived in the U.S. (Y_i = then number of years that the household has lived in the U.S.). The parameter

on the number of years that the household has lived in the U.S., λ, captures how an additional year of experience in the U.S. affects the likelihood that a Hmong household uses the financial service in question.

Table 4 presents probit estimates of whether or not the household has a checking account (columns [1] and [2]), has a savings account (columns [3] and [4]), a credit card (columns [5] and [6]) and has used a check cashing service to cash a check or purchase a money order (columns [7] and [8]). The first estimate for each dependent variable includes a control for "Hmong" households and the second estimate adds the number of years that Hmong households have been living in the U.S. The figures in the table are the marginal effects. For continuous independent variables, they measure change in the probability of being "banked" as the result as of an infinitesimal change in the variable. For indicator variables, the figures in the table are the change in the probability of being "banked" associated with a change in the indicator variable from zero to one.

The likelihood of having a checking or a savings account decreases significantly with age, although at a decreasing rate. Male-headed households are about 5.7 percentage points less likely to have a checking account compared to female-headed households, but this variable is not significant for the other dependent variables. Household size does not seem to play a significant role in explaining patterns of financial market participation in these data.

Compared to households with income greater than $30,000, lower income households are less likely to use all financial services. Households with incomes below $15,001 are approximately 63 percentage points less likely to be have a checking account and 50 percentage points less likely to have a savings account or a credit card compared to households with incomes above $30,000. In contrast, lower income households are

much more likely to use check cashers (about 16 percentage points) compared to households with incomes above $30,000. Households with incomes ranging from $15,001 to $30,000 are about 30 percentage points less likely to have a checking account, 40 percentage points less likely to have a savings account and 25 percentage points less likely to have a credit card compared to higher income households. The patronage of check cashers is not significantly different for households with incomes in the $15,001 - $30,000 range compared to households with higher incomes.

Education also appears to have some effect on the likelihood that the household makes use of a broad range of financial services. Households with a college degree or higher are about 12 percentage points more likely to have a checking account compared to households with less than a high school degree. For savings accounts the impact of education is larger. College-educated households are about 25 percentage points more likely to have a savings account compared to households whose heads have not completed high school. For credit cards, completing high school is associated with a 20 percentage point increase in the probability of having a credit card and completing some college or graduating from college increases the probability by about 30 percentage points.

Turning now to the key variables of interest, we see that after controlling for other characteristics being Hmong has no significant effect on the likelihood of having a checking account, but that it does play a significant role in predicting savings account ownership, over and above the effect of characteristics like income and education. In the first estimate of whether the household has a savings account (column [3]), we find no significant effect of being Hmong. However, the second estimate (column [4]) suggests that this finding is driven primarily by differences in how long the Hmong have lived in

the U.S. When we include the "Hmong" variable as well as the number of years that Hmong households have been in the U.S., we find that Hmong households are 26 percentage points less likely to have a savings account. However, this effect is diminished by the number of years that they have been in the U.S. Each additional year in the U.S. increases the likelihood of having a savings account by approximately 1 percentage point (95% confidence interval -0.4% - 2.8%).[8]

Figure 1 summarizes the relationship between having a savings account and time spent in the U.S. for the Hmong. The solid zigzagging line represents the median predicted probability of having a savings account as a function of the number of years spent in the U.S. The straight horizontal line at 70.1% represents the percentage of the Control sample that have a savings account. As one can see from the figure, for the Hmong the median likelihood of having a savings account reaches the level of the Control sample after 15 to 20 years in the U.S.

Credit card usage is estimated in columns [5] and [6] of Table 4. Hmong households are 32 percentage points less likely to have a credit card compared to the Control sample, when the number of years that the Hmong have been in the U.S. is also included in the estimation. The Hmong indicator variable is not significant when the number of years in the U.S. is not included in the estimate. For the Hmong, each additional year in the U.S. increases the likelihood of having a credit card by 1.8 percentage points (95% confidence interval 0.1% - 3.5%). Figure 2 summarizes the relationship between having a credit card and time spent in the U.S. for the Hmong. The figure shows that the gap in the likelihood of having a credit card between the Hmong

[8] This effect of this variable is significantly positive at a 10% level.

and the Control sample disappears after the Hmong have been in the U.S. for 15 to 20 years.

In columns [7] and [8] of Table 4 we estimate the likelihood that the household has used a check-cashing outlet. Specifically, we examine whether or not the household has used a check-cashing outlet as a substitute for a bank – that is to purchase a money order or to cash a check. In these estimates we add a variable that is equal to one if the household has a checking or a savings account, along with the usual explanatory variables. The estimates suggest that Hmong households are 11 percentage points more likely to use check-cashing outlets than the Control households are. However, when we include the number of years that the Hmong have lived in the U.S., the significance of the Hmong indicator variable disappears. Instead, we find that for each additional year that the Hmong are in the U.S., the likelihood of using a check-cashing outlet increases by about 1.2 percentage points (95% confidence interval 0.2% – 2.3%).

In Table 5, we present two regression estimates of log wages, where the first estimate controls for being Hmong (column [1]), and the second adds the number of years spent in the U.S (column [2]). The dependent variable in these estimates is equal to the natural log of the hourly wage rate divided by ten. The explanatory variables include experience, which is equal to age minus schooling minus six, and experience squared. In addition there are controls for sex and education. There were 223 observations where hourly wage data were available.

The results indicate that experience has little impact on hourly wages. In contrast, men have higher wages, as do individuals with more schooling. Compared to individuals with less than a high school degree, those with a college degree or higher have wages that are approximately 35% higher and those with some college have wages that are about

18% higher. There is no statistically significant difference in the wages of those with a high school degree and those with less education.

The first estimate suggests that the wages of the Hmong are approximately 10% lower than those of the Control sample, all else equal. However, the second estimate indicates that Hmong wages are approximately 27% lower, but that they increase by approximately 1% (95% confidence interval -0.4% – 2.4%) for each year of U.S. experience. The effect of time in the U.S. is significantly positive at the 10% level. Figure 3 summarizes the relationship between wages and time spent in the U.S. for the Hmong. The figure shows that the median predicted hourly wage for the Hmong would equal that of the Control sample of $13.85 per hour after approximately twenty-five years of U.S. experience.

Robustness

The basic problem with estimating assimilation from a single cross-section is that we cannot separately identify the effect of time spent in the U.S. and the effect of the date that an individual/household arrived in the U.S. (see Borjas 1985 for a thorough discussion of this issue). In our data, every individual who has lived in the U.S. for ten years also arrived in the U.S. ten years ago. This means that the coefficient on how many years the Hmong has lived in the U.S. measures the effect of two things: time spent in the U.S. and the date of arrival in the U.S. If Hmong who arrive in the U.S. at different dates vary systematically in ways that we cannot observe, then our assimilation estimates will be biased. If early arrivals have characteristics that facilitate assimilation, then we will over-estimate the pace of assimilation. In contrast, if early arrivals have characteristics that make assimilation more difficult then we will under-estimate the pace of assimilation.

The process by which the Hmong arrived in the U.S. is fairly involved and suggests that there may well be systematic differences between early and late arrivals.[9] The first Hmong arrived in the U.S. in August of 1975. This group of 3,466 included General Vang Pao, his officers and their families. The U.S. government helped the new refugees with housing and employment. Because of their particularly close ties to U.S. Forces fighting in Vietnam and Laos, this group of refugees may have assimilated more readily than later arrivals. Later arrivals may have had little or no exposure to Americans prior to their arrival. To address these issues, we have experimented with including family background measures in the estimates. The family background variables capture whether the family was involved in the military, whether they held political office and whether they were farmers. Controlling for these factors leaves the results largely unchanged. These estimates are available from the authors.

4. Conclusions and discussion

Overall, our findings suggest that the Hmong are less likely to have a savings account, to have a credit card and are more likely to use check-cashing outlets. With more time in the U.S., the use of financial services by the Hmong more closely resembles that of their non-Hmong neighbors. Financial assimilation appears to take approximately 15 to 20 years. The results also show that the Hmong have significantly lower wages than their non-Hmong counterparts. Like financial assimilation, wage assimilation occurs over a generation, taking in the neighborhood of 25 years.

[9] Our understanding of the Hmong immigration experience is based largely on *Ban Vinai: The Refugee Camp*, by Lynellen D. Long, Columbia University Press, 1993.

A conservative interpretation of our findings indicates that they provide an estimate of the pace of assimilation that is biased downwards. In other words, for the Hmong financial assimilation may actually take longer than the 15 to 20 year period suggested by our results. That financial assimilation takes place in the context of nearly a generation, rather than over just a few years, has important policy implications. For example, financial literacy campaigns may want to focus particularly on the children of immigrants so that the effects of low levels of participation in mainstream financial institutions are not passed onto future generations.

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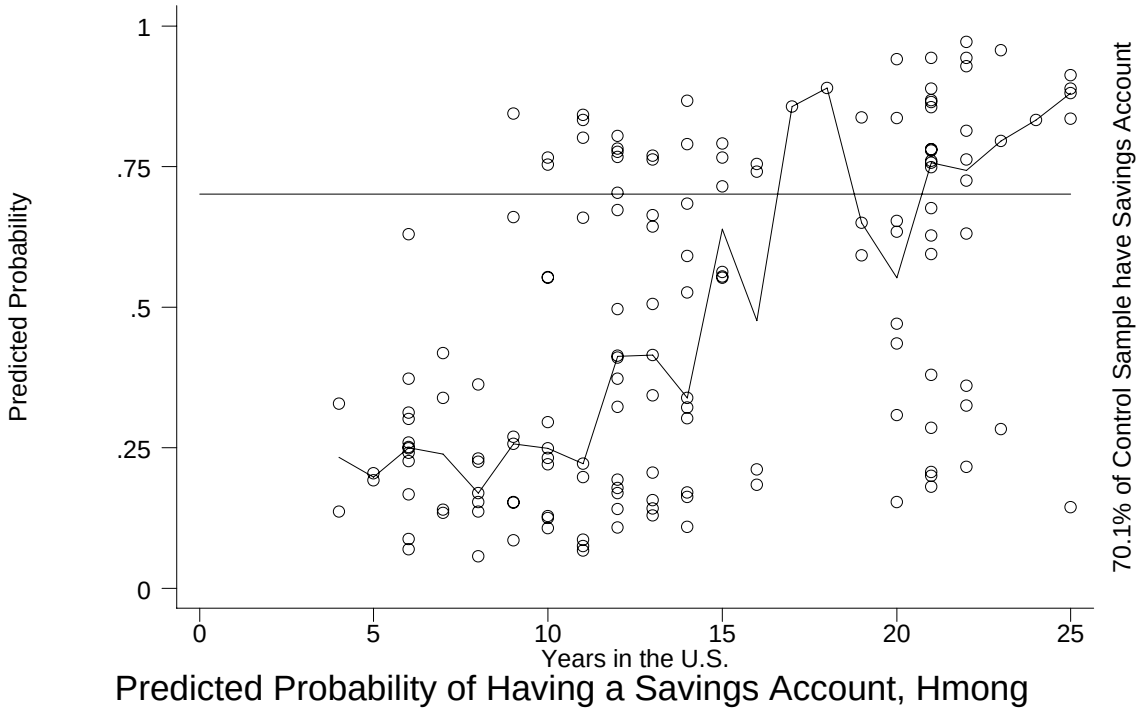
Figure 1. Predicted Probability of Having a Savings Account



Predicted Probability of Having a Savings Account, Hmong

Figure 2. Predicted Probability of Having a Credit Card

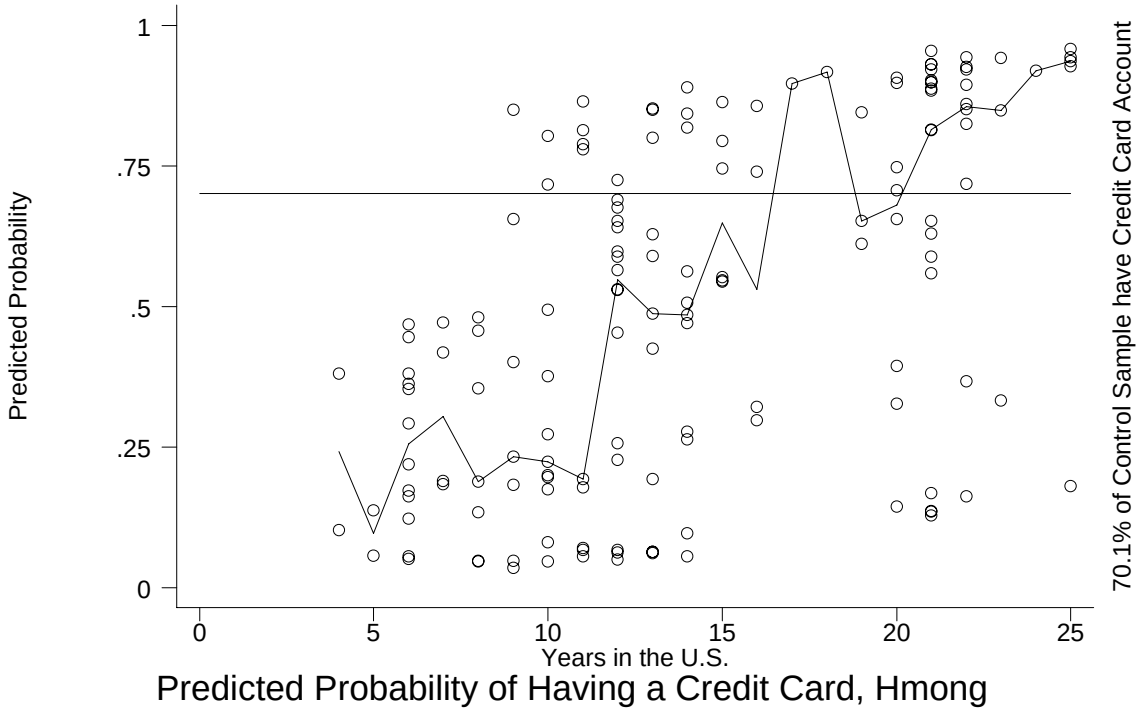


Figure 3. Predicted Hourly Wage by Length of Stay in the U.S.

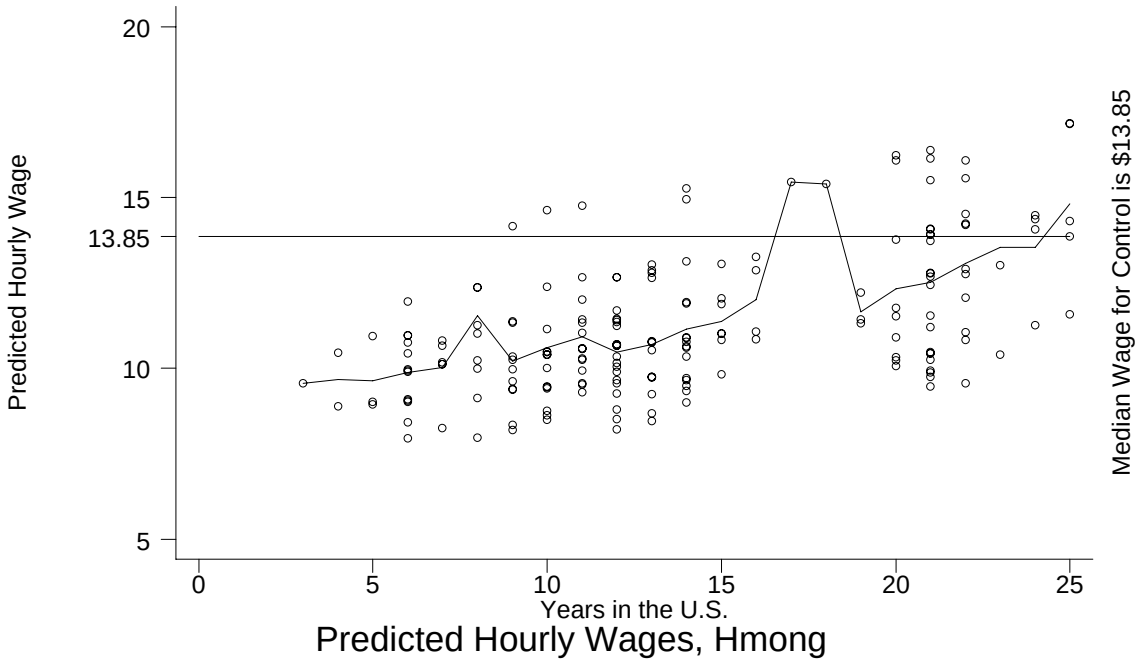


Table 1: Characteristics of Sample Households, Hmong and Control

	Control	Hmong	Hmong Households by Years in U.S.		
			10 years or less	11 – 14 years	15 plus years
Number of HH	201	201	59	69	73
Household head characteristics					
Male head (%)	43.5	68.0	62.7	71.0	69.4
Age of head	49.8	41.1	40.1	41.3	41.7
Ethnicity (%)					
White	67.5	-	-	-	-
Black	20.5	-	-	-	-
Asian	1.2	100.0	100.0	100.0	100.0
Native American	1.2	-	-	-	-
Hispanic	-	-	-	-	-
Income (%)					
0 to $15,000	15.1	17.3	19.6	22.9	11.3
$15,000 to $30,000	25.1	37.2	63.0	33.3	21.0
$30,001 to $45,000	53.1	35.9	13.0	39.6	50.0
45,001 or more	6.7	9.6	4.4	4.2	17.7
Use of public assistance (%)					
Disability	8.5	8.0	8.3	8.8	6.8
SS*	23.5	8.5	3.3	11.8	9.7
SSI**	3.5	30.7	31.7	34.8	26.0
Veterans benefits	3.0	0.0	0.0	0.0	0.0
MFIP***	4.0	24.3	33.3	26.1	15.1
Food stamps	8.0	37.6	53.3	37.7	24.7
Medicaid, Medicare	15.4	34.2	45.0	33.3	26.0
Public aid	2.0	4.0	5.0	7.2	0.0
Maximum Foreign and U.S. education					
No schooling	1.0	28.6	32.2	29.4	25.0
Grade school	0.0	14.6	13.6	19.1	11.1
Less than high school	8.8	12.1	16.9	14.7	5.6
High school/GED	31.0	19.1	27.1	19.1	12.5
Some college	40.4	15.6	6.8	13.2	25.0
College or more	18.7	10.1	3.4	4.4	20.8
Size	2.5	5.8	6.3	6.1	5.2
Number of children < 18	.7	3.4	4.1	3.7	2.7
Number of earners	1.6	2.1	2.2	2.2	2.1

Notes: *SS is Social Security (retirement income)
** SSI is Supplemental Security Income (a Federal income supplement program funded by general tax revenues, not Social Security taxes). SSI is designed to help aged, blind and disabled people who have little or no income; and it provides cash to meet basic needs for food clothing, and shelter.
***MFIP (Minnesota Family Investment Program) is a welfare-to-work program that seeks to encourage work, reduce welfare dependency and alleviate poverty. MFIP offers enhanced financial incentives to working families and mandates employment and training workshops.

Table 2: Response to Economic Hardship, Hmong and Control, %*

	Control	Hmong	Hmong Households by Years in U.S.		
			10 years or less	11 – 14 years	15 plus years
Borrowed from banks or individual lenders	24.3	12.7	14.3	4.5	20.0
Got gifts from relatives or friends	27.0	19.0	23.8	13.6	20.0
Borrowed from relatives or friends	27.0	33.3	38.1	25.0	37.5
Borrowed from ethnic associations	0.0	5.6	7.1	4.5	5.0
Got emergency cash assistance from the county or welfare office	17.4	38.9	50.0	31.8	35.0
Used cash or HH savings account	56.5	34.9	28.6	40.9	35.0
Sold assets	19.1	1.6	0.0	2.3	2.5
Worked harder/increased hours	49.6	26.2	21.4	25.0	32.5
Got other job(s) to tide over	41.7	11.1	9.5	9.1	15.0
Put other family members to work	4.3	12.7	7.1	4.5	27.5
Reduced HH consumption expenditures	63.5	38.1	38.1	36.4	40.0
Delayed or failed to pay debts	34.8	19.0	9.5	13.6	35.0
Used credit card	53.0	20.6	16.7	15.9	30.0
Did nothing	1.7	4.8	0.0	6.8	7.5
Other	8.7	2.4	2.4	4.5	0.0
N	115	126	42	44	40

* Note: For households that reported that they had experienced economic hardship during the past five years.

Table 3: Use of Financial Services, Hmong and Control, %

			Hmong Households by Years in U.S.		
	Control	Hmong	10 years or less	11 – 14 years	15 plus years
Checking or Savings Acct	92.0	81.2	73.3	79.7	89.0
Checking Acct	87.1	77.2	71.7	75.4	83.6
Savings Acct	70.1	42.6	18.3	44.9	60.3
Credit Card	70.1	44.6	23.3	42.0	64.4
Check Cashing Outlet*	9.5	32.7	31.7	29.0	37.0
Payday Loan	0.5	0.5	0	1.4	0
Pawn Shop	3.5	0.5	0	0	1.4
N	201	202	60	69	73

* Note: Respondents were asked whether they had used a check cashing outlet to purchase a money order or to cash a check.

Table 4: Probit Estimates of the Use of Financial Services

	Checking		Savings		Credit Card		Check Casher	
	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
Age	-0.0141*	-0.0127*	-0.0382***	-0.0395***	-0.0160	-0.0185	-0.0051	-0.0067
	(0.051)	(0.069)	(0.005)	(0.004)	(0.197)	(0.143)	(0.584)	(0.468)
Age Squared	0.0002**	0.0002**	0.0004***	0.0004***	0.0002	0.0002	0.0000	0.0000
	(0.027)	(0.035)	(0.003)	(0.003)	(0.196)	(0.152)	(0.791)	(0.699)
Male†	-0.0580*	-0.0568*	-0.0606	-0.0587	0.0706	0.0738	0.0573	0.0599
	(0.082)	(0.079)	(0.362)	(0.380)	(0.296)	(0.279)	(0.240)	(0.216)
Income 0 - $15,000†	-0.6284***	-0.6420***	-0.5124***	-0.5068***	-0.5052***	-0.5054***	0.1590**	0.1721**
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.038)	(0.026)
Income $15,001 - $30,000†	-0.3081***	-0.3290***	-0.4044***	-0.3826***	-0.2799***	-0.2464***	0.0297	0.0636
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.001)	(0.577)	(0.254)
High School Degree†	0.0508	0.0519	0.1739**	0.1658*	0.2039**	0.1990**	0.0146	0.0028
	(0.206)	(0.182)	(0.050)	(0.065)	(0.017)	(0.021)	(0.826)	(0.965)
Some College†	0.0556	0.0597	0.1644*	0.1389	0.3150***	0.2907***	-0.0486	-0.0805
	(0.222)	(0.174)	(0.070)	(0.138)	(0.000)	(0.001)	(0.466)	(0.221)
College Degree or Higher†	0.1235**	0.1235***	0.2712***	0.2466**	0.3325***	0.3064***	-0.0725	-0.1072
	(0.010)	(0.006)	(0.006)	(0.016)	(0.000)	(0.002)	(0.321)	(0.126)
Household Size	0.0101	0.0094	-0.0128	-0.0102	-0.0109	-0.0085	0.0160	0.0181*
	(0.179)	(0.195)	(0.423)	(0.526)	(0.500)	(0.605)	(0.141)	(0.094)
Hmong†	-0.0089	0.0536	-0.0691	-0.2580*	-0.0456	-0.3190**	0.1071*	-0.0926
	(0.848)	(0.441)	(0.433)	(0.105)	(0.623)	(0.048)	(0.091)	(0.382)
Hmong: Years in U.S.		-0.0044		0.0119		0.0177**		0.0121**
		(0.239)		(0.154)		(0.039)		(0.022)
Observed Percentage	81.7	81.7	60.7	60.7	61.3	61.3	20.7	20.7
Predicted Percentage	91.8	92.2	63.3	63.2	63.1	62.8	17.6	17.2
Log Likelihood	-102.23	-101.54	-162.09	-161.07	-158.78	-156.61	-146.83	-144.21
Pseudo R-squared	33.42	33.87	25.12	25.59	26.34	27.35	10.96	12.55
Observations	323	323	323	323	323	323	323	323

A probit model is used and for continuous variables, the change in the probability that the dependent variable is equal to one for an infinitesimal change in the independent variable is reported. For indicator variables, the change in the probability that the dependent variable is equal to one associated with a change in the independent variable from zero to one. Indicator variables are marked with a †. P-values are in parentheses. *** indicates significance at at least the 1% level, ** at at least the 5% level, * at at least the 10% level.

Table 5: Regression Estimates of Log Hourly Wages

	[1]		[2]	
	β	**t-statistic**	**β**	**t-statistic**
Experience	0.0074	0.91	0.0077	0.94
Experience Squared	-0.0001	-0.87	-0.0002	-0.99
Male	0.0997*	1.72	0.1028*	1.77
High School Degree	0.1058	1.24	0.0914	1.07
Some College	0.2259**	2.48	0.1889**	1.99
College Degree or Higher	0.3941***	4.06	0.3462***	3.36
Hmong	-0.1094	-1.59	-0.2668**	-2.00
Hmong: Years in U.S.			0.0098	1.38
Hmong: Political Background				
Constant	-0.0223	-0.16	0.0162	0.11
Adjusted R-squared	13.18%		13.54%	
Observations	223		223	

*** indicates significance at at least the 1% level, ** at at least the 5% level, * at at least the 10% level.