
Introduction

Introduction

Purpose of this Publication

The *Building a Better Future* Financial Education Program can be used to help newly arrived immigrants understand the financial system in the United States and to feel more comfortable using financial institutions and planning their financial future. While becoming familiar with the topics included in this curriculum, students will learn vocabulary they will need as they use a financial institution and communicate about personal finance issues.

The Latino Community Credit Union saw the need to develop a financial education curriculum in Spanish that would be appropriate for students with limited formal education who lack experience using a financial institution. The English as a Second Language (ESL) version of the curriculum was developed because ESL classes present a unique opportunity to reach new immigrants with useful financial information.

The Need for Financial Education

There is a substantial need for financial education among the immigrant community in the United States. According to the Federal Reserve's 1998 Survey of Consumer Finances, 38% of Asian households and 36% of Latino households do not use a financial institution. Other studies find that the number of unbanked Latinos may be higher than 50%. This places many

immigrants at a disadvantage in planning for their financial future, forces them to use check cashers and increases the likelihood they will carry large amounts of cash. There are a number of barriers that prevent the use of conventional financial institutions and the practice of financial planning by immigrant communities. Most recent immigrants are not proficient in English, and many are not sufficiently English-literate to be involved in the often-confusing world of finance and credit. Some barriers are cultural. Many Latin American economies, for example, are significantly more cash-based than the United States. Political unrest or a history of currency fluctuations or inflation in some countries has created an understandable distrust of banking systems. Additionally, most Latin American countries have not created deposit insurance programs, fostering further reluctance to consider a bank as a location for one's life savings. There are also technical barriers to the use of the U.S. banking system by immigrants, particularly newly arrived individuals. Literacy issues, for example, often further compound language barriers. Misunderstandings often exist about the official documentation needed to open a bank account. The lack of use of conventional financial institutions results in an increased need for information on personal financial planning, such as ways to save money or how to establish good credit.

A survey conducted by Freddie Mac found that 28% of Latino respondents said they know "very little" or "nothing" about managing finances, compared to 17% of White respondents (National

Consumer Credit Survey 1999). Another study found that 23% of Latinos have serious credit problems, compared to only 13% of Whites (Blanchflower, Levine and Zimmerman, NBER Working Paper 6840, December 1998). A 2000 U.S. Census Bureau Brief estimated the homeownership rate for immigrants born in Europe was 64%, 52% for people born in Asia, and 41% for people born in Latin America. In contrast, 70% of those born in the U.S. own a home (*Coming to America: A Profile of the Nation's Foreign Born*). The 2001 Minority Retirement Confidence Survey conducted by the Employee Benefits Research Institute found that only a third or less of nonretired Latinos and Asians feel very confident about having enough money to pay for basic expenses in retirement.

Laura Castañeda and Laura Castellanos provide the following statistics that show the need for financial education among immigrants from Latin America (*The Latino Guide to Personal Money Management*. 1999. Bloomberg Press):

- Only three out of ten Latinos have basic checking accounts and fewer than five out of ten have savings accounts
- Three out of ten Latinos have a pension plan
- Fewer than one out of ten Latinos invests in stocks, bonds, or mutual funds
- Fewer than five out of ten Latinos have a credit card

Statistics for other immigrant communities reveal similar challenges. For immigrant communities to strengthen themselves from within, access to financial education is a necessity.

Using this Publication

Newly arrived immigrants who have not had a history of financial planning and/or are not familiar with using a financial institution in the United States will benefit from the *Building a Better Future* Financial Education Program. Other immigrants who may already know how to use a financial institution will still benefit from learning the more advanced topics as well as the vocabulary that is introduced in each lesson.

The curriculum is designed to be used by English as a Second Language (ESL) teachers who wish to introduce content on financial literacy along with reading, writing, listening, speaking, vocabulary and grammar activities. Teachers can adapt the materials based on their students' levels and their own approaches to teaching. ***The teacher does not need to have a financial background.***

Suggestions for using the materials:

The teacher's version includes explanations on how to organize and adapt activities, answers to the exercises and other background information. Here are some additional suggestions:

- Because of the nature of the topics of this curriculum, it will be helpful for the teacher to be familiar with the cultural background of the students, their education level, nationality, socioeconomic background, and immigration status. Based on their education level, some students may need more help in grasping concepts involving numbers and math. The literacy level of the students in their own

language is also an important consideration.

- It will be important for the teacher to know the students' linguistic knowledge of the topics. For example, do they know about financial topics in their own language? In English?
- It may take more time to cover some lessons depending on the students' proficiency levels. It is important for the teacher to be flexible and to keep the students' needs in mind.
- The units and lessons do not necessarily have to be taught in order. The teacher can skip certain activities and supplement the materials with other resources as needed. You may not need to photocopy all the pages in each lesson to give to the students. However, the teacher may want to include reading, writing, listening and speaking activities in each lesson. The teacher can also structure the lessons to include a warm-up, presentation, practice, use and review.
- The dialogues provide reading, speaking and listening practice as well as a way to present new content. However, the teacher may choose to introduce the content in other ways.
- The vocabulary exercises can be done at the beginning of the lesson or the teacher may choose to introduce vocabulary words throughout the lesson.
- Some activities may be more advanced depending on the topic. More advanced students can help lower level students with these activities. Also, advanced students can complete the more advanced activities and homework.
- The teacher can bring "realia" or authentic resources as much as possible to supplement the materials. In many cases, individuals who work with certain community centers, financial

institutions, and other professionals may be willing to be guest speakers.

- At the beginning of each unit, we provide some economic literacy facts that may be of interest to some teachers and students. You may choose to introduce this information as a point of discussion or to prompt students to think about larger economic issues.
- We use the terms "bank" and "credit union" interchangeably to refer to a financial institution. Please see unit 1 for a description of a credit union.
- Each lesson includes a teacher evaluation. You will also find a student evaluation in the student version of the curriculum. You may photocopy this evaluation and ask students to complete it at the end of each lesson. Teachers can use the student evaluation to receive feedback before continuing to teach the rest of the unit. The teacher evaluation is intended to help instructors assess the lesson and help with future planning. At the end of the curriculum, we have included an evaluation of the overall curriculum. Please give us your feedback so we may improve this publication in the future.

Popular education:

Financial literacy can have a great impact on individuals. Community members who learn how to increase their savings, establish a credit history or buy a home have an opportunity to improve their family's future and build wealth. Teachers who want to help their students improve their financial future while learning ESL may be interested in learning more about the approaches used by popular educators.

Popular educators believe that education must empower people to act

for change and that education must be based on a democratic practice so students can participate in discussion, debate and decision-making. Democratic practice involves having an inclusive process that maximizes participation of those who benefit from the program. Many immigrants find themselves within an economic and political system that hinders their ability to achieve the “American dream.” Teaching financial literacy can be seen as educating for social change. With the knowledge they receive, immigrants will be better prepared to improve their economic position and improve their chances of meaningful political and social participation.

Popular education is education of, for, and by the people. The term is a translation from the Spanish, “*educación popular*.” In *Educating for a Change*, the authors describe popular education or education for social change as an approach to education that is in the interests of oppressed groups. “We involve people in a process of critical analysis so they can, potentially, act collectively to change oppressive structures. The process is participatory, creative and empowering” (Arnold, et al, 5). Popular education believes people have sufficient knowledge to identify their own problems, come up with solutions, and identify resources and skills they need. Popular educators see themselves as facilitators since they strive to have an equal relation between educator and participants.

Popular education has been applied to different situations at different periods of time. In the early 1960’s Paulo Freire taught literacy to peasants struggling for land reform in Brazil. He argued that

education involved a process of dialogue based on action and reflection on action. By the late 1960’s and 1970’s, popular education was a cornerstone of national liberation struggles in Central and South America, the Philippines and South Africa. The Highlander Research and Education Center in Tennessee has successfully used popular education in its work with the civil rights movement, labor organizing, economic development and other struggles.

Regardless of your teaching methods, you may be able to use popular education approaches by drawing on the experience of the learners, fostering dialogue among participants and the teacher, and finding ways to stimulate action and reflection.

For more information on popular education, see:

Arnold, Rick, Bev Burke, Carl James, D’Arcy Martin and Barb Thomas. 1991. *Educating for a Change*. Toronto, Canada: Between the Lines and Doris Marshall Institute for Education and Action.

Highlander Research and Education Center. 1989. *An Approach to Education Presented Through a Collection of Writings*. New Market, Tennessee.

Nadeau, Denise. *Counting our Victories: Popular Education and Organizing*. 1996. New Westminster, Canada: Repeal the Deal Productions. www.catalystcentre.ca

Curriculum Design

To determine the topics included in the *Building a Better Future* Financial Education Program, we began by learning from Latino community members about their knowledge and needs related to financial issues. We conducted a series of focus groups with an ESL class at El Centro Latino in Carrboro, North Carolina, as well as an ESL class and a youth group at El Centro Hispano in Durham, North Carolina. More than 200 individuals who participated in the financial education classes offered in Spanish by the Latino Community Credit Union also provided input on the topics covered. The curriculum was tested with the women's group ESL class offered through Durham Technical Community College at El Centro Hispano in Durham.

English as a Second Language (ESL) Approaches:

It is important for teachers to bring their own approaches and methods to teaching the lessons included in this curriculum. For example, some teachers may wish to use a combination of ESL methods they regularly use in their classrooms such as the communicative approach, the direct method, the audiolingual method, community language learning, suggestopedia, the silent way, total physical response or the natural approach. Teachers should not feel constrained by the format and approach used in this curriculum.

Many different approaches and methods have been integrated into the *Building a Better Future* curriculum, including some of the following:

Integrating the Four Skills

The integration of the four skills (listening, speaking, reading and writing) into ESL lessons is essential to having a communicative, interactive approach. It is important to integrate the four skills since it is common for one skill to reinforce another. The four skills can easily be incorporated into a theme-based series of classes as students deal with real-life issues while improving their linguistic skills.

Each unit of this curriculum incorporates listening, speaking, reading and writing activities. Since the teacher knows the students' needs best as well as what has been already covered in the class, he or she can supplement these activities as needed. Supplemental exercises may especially be needed to meet the students' learning needs related to grammar.

For more information on incorporating listening, speaking, reading and writing activities, see:

H. Douglas Brown. 2001. *Teaching by Principles: An Interactive Approach to Language Pedagogy*. White Plains, NY: Addison Wesley Longman.

English for Specific Purposes (ESP)

The curriculum also borrows from ideas that emerged in the 1960s as part of the English for Specific Purposes approach. The objective is to offer classes with clearly defined goals based on the learners' needs and to explore ways in which language is used in real communication. A guiding principle of ESP is to ask students what they need English for and base the content of the lessons on their needs. The students' needs and interests influence their

motivation to learn so it is important to develop courses relevant to the students. The purpose of an ESP course is to enable learners to function in a target situation where they will use the language they are learning. For instance, the unit on How to Use a Financial Institution will prepare students to go to a financial institution and open an account.

Even though ESP is commonly used in classes that address professional fields such as engineering, agriculture or medicine, its approach can be applied elsewhere (topics on personal finance, for example). A specific ESP methodology does not exist. Methods that are applied in ESP classrooms can be used in any classroom. This gives teachers the flexibility to use their own teaching style while incorporating financial issues as part of a series of classes in an ongoing course.

For more information on English for Specific Purposes, see:
Hutchinson, Tom and Alan Waters. 1987. *English for Specific Purposes: A Learning Centered Approach*. Cambridge: Cambridge University Press.

About the Latino Community Credit Union

The Latino Community Credit Union (LCCU) is a community-based and member-owned nonprofit financial institution that provides protection of financial assets, access to loans, financial independence, and financial education. Based in North Carolina, LCCU is the first fully bilingual (English/Spanish) financial institution in the state. The Latino Community Credit Union offers financial education classes and individual financial counseling to its members. It opened its doors in June 2000 as a response to the high rate of crime that Latinos were experiencing because they were not using financial institutions. For more information about the Latino Community Credit Union, please visit www.cooperativalatina.org.

About the National Endowment for Financial Education® (NEFE®)

The National Endowment for Financial Education (NEFE) is a nonprofit 501 (c)(3) foundation dedicated to helping all Americans acquire the information and gain the skills necessary to take control of their personal finances. NEFE provided funding for the development and publication of the *Building a Better Future* Financial Education Program. For more information on NEFE, please visit www.nefe.org.

About the Authors

Alejandra Okie Holt is Director of Community Education at the Latino Community Credit Union. She holds a Certificate in Teaching English as a Second Language and a Certificate in Nonprofit Management from Duke University. She earned a Master of Science in Community Forestry from North Carolina State University and a Bachelor of Arts in Latin American Studies and Sustainable Development from Appalachian State University. She has worked with education and economic development projects with the Latino community in North Carolina and indigenous and rural communities in Central and South America.

Cassandra Marshall was Special Projects Assistant at the Latino Community Credit Union. She received a B.A. in Economics and Comparative Area Studies from Duke University. Cassandra taught English as a Foreign Language / English as a Second Language in Argentina and Durham, North Carolina. She is currently a law student at New York University.

Acknowledgements

We wish to thank NEFE for its support of this project. We are grateful to the New Voices Fellowship Program (Academy for Educational Development) and the InSight Fund of the Triangle Community Foundation for their support of the Financial Education Program of the Latino Community Credit Union.

We are grateful to Darla Deardorff, our ESL consultant, who painstakingly reviewed the curriculum and made invaluable suggestions. Special thanks go to Sara Weber for opening her ESL classroom to us. We are grateful to El Centro Hispano's women's group ESL class and youth group (*Jóvenes Líderes en Acción*), and El Centro Latino's ESL class for participating in the focus groups. We also wish to thank Marty Belin, from Self-Help Credit Union, and Kirk Waggenseller, from the Volunteer Income Tax Assistance Program, for taking the time to review the units on Buying a Home and Taxes respectively. We are grateful to the teachers of the Duke University Certificate in Teaching English as a Second Language who kindly shared their expertise.

