

FINANCIAL INCLUSION. POLICIES AND INSTRUMENTS FOR MIGRANTS IN ITALY

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Abstract

Migrants residing in the EU are deeply affected by the economic crisis and particularly exposed to social and financial exclusion. This article highlights how policies aimed at fulfilling migrants' financial needs could facilitate greater integration into the destination society. After examining the relationship between migrants and Italian banks, it gives an overview of field experiences for migrants' financial inclusion implemented by Italian institutions. Finally, it introduces a semi-formal financial practice, the Self-Funded Communities model that could enable financial inclusion of this population thanks to its similarity with community credit and savings mechanisms and its reliance on social cohesion and trust.

Keywords: financial inclusion; migrants; Italy; migrant banking

Jel Codes: D14, F22, G21, G23, O15

1. INTRODUCTION

Financial inclusion plays a pivotal role in reducing poverty and enabling more inclusive economic growth. When people have access to and are able to effectively use financial services, they can better manage their cash flow and smooth irregular income, become more resilient to shocks, and are able to build assets to invest in business activities and finance life-cycle events (such as a marriage or a house purchase) (Andreoni and Pelligra, 2009; Ledgerwood *et al.*, 2013; Demirgüç-Kunt *et al.*, 2015).

Considering account ownership as “an entry point into the formal financial sector¹”, the Global Findex Database 2014 reports that 62% of adults worldwide hold an account at a financial institution or through a mobile

¹ Demirgüç-Kunt A. and L. Klapper, 2012, *Measuring Financial Inclusion: The Global Findex Database*, Policy Research Working Paper 6025, World Bank, Washington, D.C., p. 11.

money provider². Even if the number of unbanked adults decreased by 20% from 2011 to 2014, the survey reports that 2 billion people were still unbanked in 2014. Moreover, great differences among countries do exist. While in high-income OECD countries 94% of the population possess a bank account, in low- and middle-income countries 54% of adults are banked (Demirgüç-Kunt *et al.*, 2015).

Holding an account is fundamental in order to access other financial services, but the Center for Financial Inclusion (CFI) gives a broader definition of financial inclusion as a process through which financially capable people have access to appropriate and affordable financial services and are able to effectively and frequently use these services. Furthermore, competitive providers should offer a range of quality financial services which are tailored to clients' needs and delivered in a convenient and transparent manner, with respect for clients' dignity³.

This multi-dimensional process towards financial inclusion also leads to a greater social inclusion, as people who can access and use financial services appropriate to their needs have more chances to overcome socio-economic disadvantages (Adamo, 2013) and "...lead a normal social life in the society in which they belong"⁴. The European Commission (2008) also maintains that: "...financial exclusion forms part of a much wider social exclusion, faced by some groups who lack access to quality essential services such as jobs, housing, education or health care"⁵.

The connection between financial and social exclusion is especially significant in this period of economic crisis, and vulnerable population segments, such as that of migrants, are particularly affected by the precariousness of employment and incomes (European Microfinance Network, 2013; Frigeri, 2014; D'Angelo, 2015). Unfortunately, policies for socio-economic integration into the destination country rarely address migrants' financial needs, while focusing on other priorities such as housing, health and education (Anderloni and Vandone, 2008). This paper aims at analyzing migrants' financial inclusion as a means for greater social integration into the destination country, with a specific focus on Italy. Examining the financial behavior of migrants

² According to Demirgüç-Kunt *et al.* (2015), *adult population* refers to people aged 15 years and above; a *formal financial institution* can refer to a bank, credit union, cooperative, or microfinance institution.

³ *Financial Inclusion Glossary*, online resource from the Center for Financial Inclusion website, accessed on November 21, 2014.

⁴ European Communities (2008), "Financial services provision and prevention of financial exclusion", VC/2006/0183, European Communities, Brussels, p. 9.

⁵ *Ibid.*

and their relationship with Italian banks and other financial providers, the research gives some recommendations for greater participation of migrants in the economic and financial sectors of the receiving society.

After a brief overview of financial inclusion in Europe (Section 2) and a description of international migratory dynamics with a focus on the Italian context (Section 3), Section 4 examines migrants' financial behaviors and relationships with banks in Italy. Section 5 discusses some experiences of Italian institutions providing financial services for migrants, and Section 6 presents the Self-Financed Communities as a community financial practice which could improve the financial and social inclusion of migrants; finally, Section 7 concludes with some final remarks.

2. OVERVIEW OF FINANCIAL INCLUSION IN ITALY AND EUROPE

According to the *Special Eurobarometer 373*, a survey on the use of financial products conducted in 2011 in 27 EU Member States, 84% of European citizens have a current bank account⁶. However, take-up of other financial products covered by the survey is quite lower, and around 10% of respondents do not have any of these products. Ownership of financial instruments varies significantly between European countries, and citizens of the EU15 countries⁷ are more likely to possess most of the products surveyed. High consumer inertia and low financial literacy are observed, as over half of the people owning financial products (56%) report they did not purchase any product in the last five years, and many of them did not shop for different products before purchase (52% of respondents bought the first current bank account and credit card they came across); moreover, over eight out of ten EU citizens possessing a current bank account, a personal loan, a credit card or a mortgage say they do not feel any need to change providers, indicating low financial literacy or poor or lazy decision making, as switching financial providers could help obtain better deals.

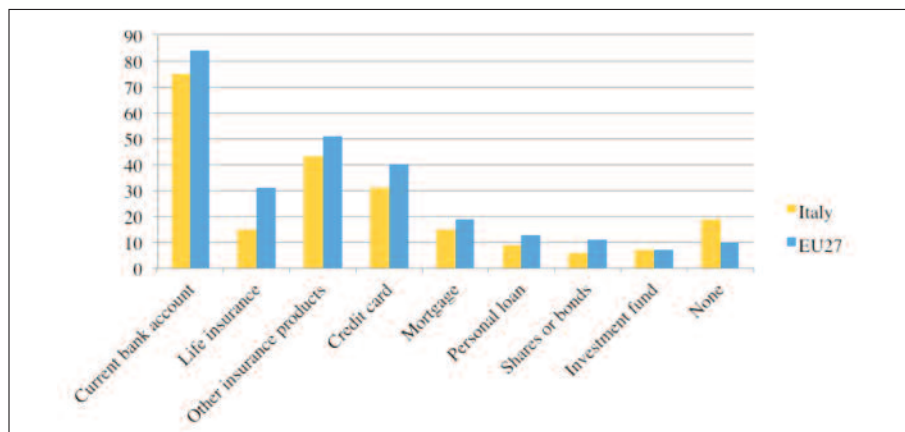
As Figure 1 shows, 75% of Italian citizens own a current bank account, 10% less than the European average. Likewise, product penetration in Italy is lower than the European average for all financial products surveyed. One

⁶ European Commission, 2012, *Special Eurobarometer 373. Retail Financial Services*, Wave EB76.1, TNS Opinion & Social, Brussels. Adult population surveyed refers to people aged 15 years and above. The survey was conducted before the accession of Croatia to the European Union, therefore data refer to 27 EU Member States.

⁷ EU15 refers to the fifteen Member States of the European Union until May 1st, 2004. It comprises Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and the United Kingdom.

out of five Italian adults do not have any of these products that is almost twice the European level. Inertia is particularly relevant among Italian consumers, as almost 70% of the people who own one of the products surveyed did not purchase any in the last 5 years.

Figure 1
Ownership of financial products and services (% on total adult population)



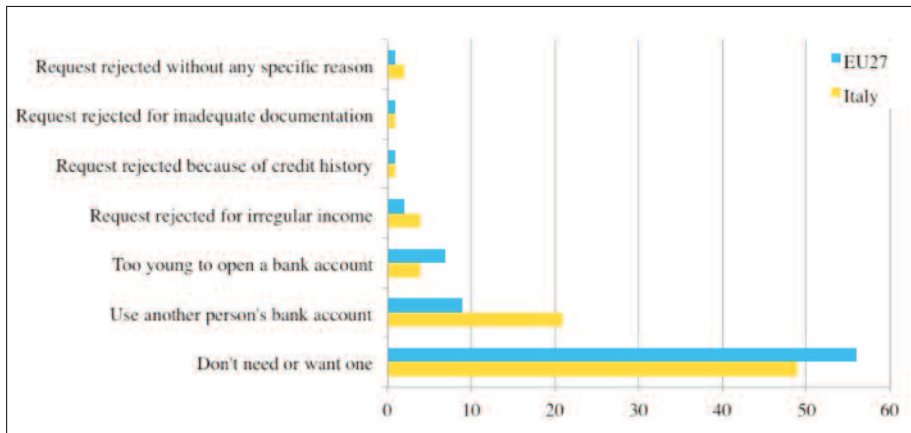
Source: data processed from European Commission (2012), p. 13.

According to Provasoli *et al.* (2009), the situation in Italy is anomalous with respect to other European countries because the attention to financial inclusion issues has only recently been raised, together with a stronger interest in building customer-bank relationships. Moreover, the negative effects of low bancarization (i.e. ownership of a current bank account) seem to have less impact due to the widespread habit of making payments in cash. According to the Bank of Italy (2014), in 2012 an average of 41% of households' total monthly expenditures were still paid in cash, which seems high even though there was a decrease from an average of 50% in 2004 and 2006 thanks to a progressive uptake of credit and debit cards.

Young adults (aged 15-24) have lower levels of bancarization, but are also more dynamic than the rest of the population: they use remote channels and innovative products more frequently, and their demand for financial services evolves rapidly from basic products, such as debit cards and bundled accounts, to more complex products, such as wage deposits and utility bill payments through current accounts, personal loans and business loans (Provasoli *et al.*, 2009).

The *Eurobarometer* also examines the reasons for not having a bank account (Figure 2), and observes that the main cause cited by European citizens is that they do not need or want one. This reason is also reported by half of Italian respondents, and indirect use is frequently cited as well: one out of five (21%) formally unbanked Italian adults report using another person's bank account, representing the highest percentage of joint accounts among European Union Member States. According to a study mentioned in Provasoli *et al.* (2009), unbanked Italians consider banks less safe than informal mechanisms of financial intermediation and fear banks' burdensome bureaucratic procedures. Financial education could be useful in order to reinforce confidence and awareness towards banks and the financial system as a whole.

Figure 2
Reasons for not having a bank account
(% of people who do not have a bank account)



Source: data processed from European Commission (2012), p. 26.

3. MIGRATORY PHENOMENA IN ITALY AND EUROPE

After these general premises, the focus will move to a specific population segment: that of migrants living in the European Union. These are considered a vulnerable group in Europe and are more exposed to financial exclusion, due to their precarious economic situation (Provasoli *et al.*, 2009). Before further examining their relationship with the financial sector of the receiving country, this chapter briefly introduces migratory dynamics, with an in-depth analysis of the Italian situation.

International Migratory Flows

The global economic crisis did not stop international migratory flows, which reached 232 million international migrants in 2013 – meaning that 3.2% of the world’s population lived in a country different from that of their birth (Ricci, 2014). Notwithstanding a decrease in international annual flows compared to 2000s, 3.6 million people have been migrating each year since 2010.

According to the United Nations Department of Economic and Social Affairs (UNDESA, 2013), Asia is by far the first continent for number of emigrants (over 90 million), and Europe and Asia are considered the main areas of destination, as each of them attracts around one third of international migrants (around 70 million).

Family reunifications are increasing, as demonstrated by the sizeable flows of children and women (women represent 50% of migrants worldwide); this indicates that international flows, from being a temporary occurrence, are becoming a long-term phenomenon (Ricci, 2014). However, economic development is still a significant “push factor” for migration, and migrants compose 5% of the global workforce. Unfortunately, brain waste is common, especially in Mediterranean countries, where people who relocate to improve their economic conditions are often employed in jobs that undervalue their skills and expertise.

With regard to the European context⁸, almost 51 million international migrants (or foreign-born) lived in the European Union in 2013, representing around 10% of the EU27 population; two-thirds of them were born in a country outside the EU. Foreign citizens, namely people living in a European country different from that of citizenship, were 34 million people, accounting for 7% of the total EU27 population⁹. Third-country nationals are particularly affected by negative economic circumstances; 20% of foreigners were unemployed in 2014, while the total unemployment rate in the EU was 10%. Moreover, they often receive lower wages when compared with EU nationals, and 40% of foreigners in the EU have a higher educational qualification than that required for their job (D’Angelo, 2015). The global economic crisis has also influenced intra-EU flows: Eurostat data, reported by D’Angelo (2014), showed an increase in migrations from Southern to Northern Europe, especially involving young and qualified people.

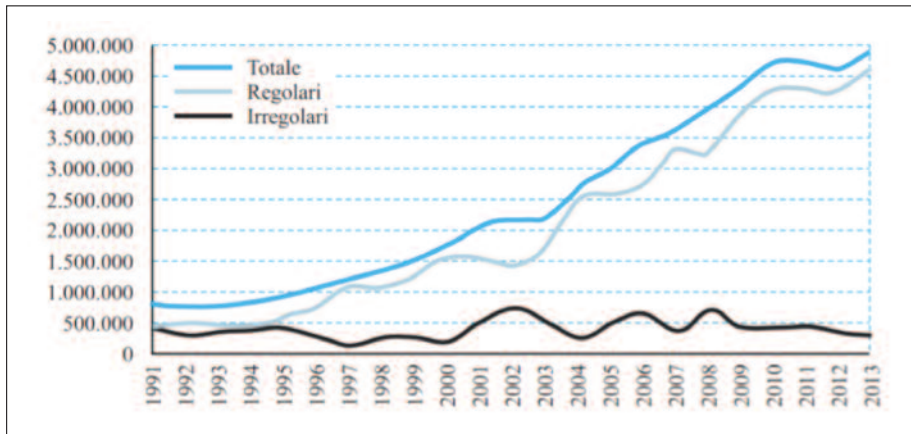
⁸ Data refer to EU27, or the 27 European Union Member States before the accession of Croatia to the European Union.

⁹ This gap among foreign-born population and foreign citizens is mainly due to naturalization processes.

Migratory Dynamics in Italy

With over five million foreign residents, representing 8.2% of the total population, Italy was the third European country in terms of the highest percentages of immigrants in 2014. During the last twenty years, the number of foreigners living in Italy increased tenfold (Figure 3). Nevertheless, according to Nanni (2015), the negative effects of the economic and employment crises reduced its attractiveness and led to a significant contraction in the growth rate of migrants in recent years. At the same time, outmigration of Italian citizens increased, and 4.6 million Italians resided abroad in 2014.

Figure 3
Evaluation of the foreign presence in Italy,
per juridical-administrative status of presence. Years 1991-2013



Source: Fondazione Ismu (2014), p.7. Note: The blue line represents total foreigners in Italy, the grey line represents foreigners legally residing in Italy, and the black line represents foreigners illegally residing in Italy.

According to Cesareo (2014), migration dynamics in Italy assume a family connotation, reflecting a progressive integration and stabilization of migrant families in the country. This is proved by some key facts: 130 thousand people acquired citizenship in 2014 (+30% compared to 2013) and children's acquisition of citizenship from parents or by coming of age are increasing (Nanni, 2015); births of foreign citizens account for 15% of total births (Albani, 2014); visas issued for family reunification are triple than those issued for subordinate employment (Melchionda, 2014); over 2.3 million households residing in Italy have at least one foreign member (De Rosa *et al.*, 2014).

Geographic distribution of migrants in Italy varies significantly, as 60% of the foreign population lives in the northern regions, 25% in the central regions, and slightly over 15% lives in the southern regions. This allocation follows the different economic contexts and employment prospects of the peninsula (Albani, 2014).

Women represent slightly over half of the migrant population in Italy (52.7%) and their presence increased in recent years. Blangiardo (2014) asserts that this could be due to a lower incidence of the economic crisis on the sector of household and care services, where almost 80% of workers are women.

According to De Rosa *et al.* (2014) over two million foreign workers were employed in Italy in 2013. About two-thirds of migrants work in the tertiary sector (particularly in household services), followed by industry (32%) and agriculture (5%). The number of foreigners employed doubled from 2005 to 2013; however, migrants are particularly vulnerable to the employment crisis because they often have precarious jobs, lower salaries and scarce social protection (Zanfrini, 2014). Indeed, Fondazione Leone Moressa (2014) observes that during the period 2007-2013, the employment rate of foreigners decreased by 9% while the decline amounted to less than 3% for Italian citizens, even if the employment rate in 2013 was still higher among foreigners (58%) than among Italians (55%).

Foreign workers' average net monthly wage in 2013 was almost 30% lower than that earned by Italian citizens, and the gap widens for migrant women. As migrants often carry out low-qualified jobs, De Rosa *et al.* (2014) emphasize the problem of brain waste, which entails that over 40% of migrants are overeducated, holding an educational qualification higher than that required by their job.

According to Nanni (2014), migrant entrepreneurship could represent an exit strategy from employment crisis and a source of dynamism able to release migrants from the disadvantaged conditions in which they usually work. The number of enterprises run by migrants saw a 15.6% increase from 2012 to 2014 while those run by Italians decreased by 2.5% (Nanni, 2015). This rapid and continuous growth should be coupled with a development in qualitative terms, as most migrant enterprises are established as individual firms and have weak innovation performances and low turnover.

4. MIGRANTS AND THE ITALIAN FINANCIAL SYSTEM

The National Observatory on Migrants' Financial Inclusion in Italy maintains that there is a "strong connection [...] between the crucial role of financial inclusion and the process of economic and social integration of an individual"¹⁰.

According to Frigeri (2014), this connection is particularly significant for migrants, as they are more vulnerable to financial and social exclusion for various reasons. Migrants' skills, expertise and educational qualifications are often undervalued; they usually earn low salaries, have precarious jobs and work in the informal market; generally they do not have a credit history nor collateral, and find it difficult to accumulate assets; they have to face language and cultural barriers and confront a different regulatory and administrative system.

Anderloni and Vandone (2008) highlight that migrants' financial needs are usually considered secondary needs compared to other primary needs, which are essential for survival in a foreign country. This paper aims at emphasizing that access to financial services is useful and effective for migrants' socio-economic integration. Indeed, financial products and services allow migrants to receive wages and payments, accumulate savings, buy or rent a house, and can be essential for self-employment through the start-up of an entrepreneurial activity, which could increase income and endorse migrants' expertise (Anderloni and Vandone, 2006; Frigeri, 2014).

Migrants' financial needs

In the past, migration to Italy was primarily an individual experience and had a short duration, followed by a return to the country of origin; nowadays, migration flows increasingly involve whole families who decide to permanently live in Italy (Cesareo, 2014). Migratory plans, characteristics and purposes vary over time, and this lead to changes in migrants' needs and demand for services.

Anderloni and Vandone (2008) and Frigeri (2014) suggest an analysis of basic and financial needs of migrants according to the stage of their migratory process, such as that proposed in Table 1. Furthermore, Frigeri (2009) highlights how exogenous factors, such as housing and working conditions, and endogenous factors, such as cultural or ethnic features or financial behavior in the country of origin, can also influence migrants' financial needs and performance.

During the first phase of **initial settlement**, migrants seek housing and a job in order to satisfy their primary needs and acquire regular documentation to legalize their presence in the receiving country. Ethnic communities play a pivotal role at this stage, being the point of reference and often a source of financing for the migrant who faces linguistic and cultural constraints and is not informed on institutional structures and social, health and housing services in the host country. In this first stage the relationship with banks is nearly absent, but access to basic and low-cost financial services is desirable to reduce uncertainty

¹⁰ Frigeri D. (editor), 2014, *Osservatorio Nazionale sull'Inclusione Finanziaria dei Migranti in Italia. Terzo Rapporto*, CeSPI, Rome, p. 9.

and avoid the use of costly and unsafe informal mechanisms, according to Frigeri (2014). Migrants need instruments to access the payment system, accumulate small savings and send money to their home country, usually to repay the debt incurred to finance the journey to the receiving country.

The stage of **stable settlement** entails higher job stability, medium- to long-term goals and a progressive integration in the host society. Asset building and access to credit are fundamental to ensure a better future for the whole family and satisfy less urgent needs, which are still necessary to better integrate in the receiving society, such as children's education, the purchase of consumption goods, or business start-up. After having repaid their debt, migrants continue to send remittances in support of the family in the country of origin.

Following the decision to stay permanently in the receiving country, the third phase consolidates migrants' presence and **integration**. Migrants aim at building a family in the destination country or reuniting with the partner and children that still live in the country of origin. Financial needs become more complex, including mortgages for house purchases, investments for asset management, insurance and pension schemes. Their demand for financial services resembles that of the local population with similar characteristics, even if, according to Frigeri (2014), migrants' financial profile is more dynamic than Italians' and characterized by greater confidence in the future. They also start to send remittances to the home country as a form of investment, for example to buy a house or land or start business activities.

Table 1
Migratory phases and financial needs

Stage	Factors linked to the integration process	Financial needs
INITIAL SETTLEMENT (around 1.5 years)	<ul style="list-style-type: none"> • Job search • Documentation • Linguistic constraints • Community as only point of reference 	<ul style="list-style-type: none"> • Access to payments system • Savings • Remittances (debt repayment)
STABLE SETTLEMENT (2 to 7 years)	<ul style="list-style-type: none"> • Job stability • Beginning of the integration process 	<ul style="list-style-type: none"> • Savings • Access to credit • Remittances (support to family)
INTEGRATION (over 7 years)	<ul style="list-style-type: none"> • Decision to permanently live in Italy • Family reunification • Marriage/children born in Italy 	<ul style="list-style-type: none"> • Complex financial needs: credit, mortgage, insurance, pensions, investments • Children's future • Remittances (support to family and investment)

Source: Frigeri (2014), p.40.

Migrants and Italian Banks

The National Observatory on Migrants' Financial Inclusion in Italy (hereafter "the Observatory") conducted research on the relationship with Italian banks and postal banks (*BancoPosta*) of people belonging to 21 nationalities representing 88% of foreigners residing in Italy. Table 2 summarizes the data collected between 2011 and 2013 through surveys to banks, postal banks and migrants.

Table 2
Possession of current accounts and rate of bancarization of migrants

	2010	2011	2012	2013
Number of current accounts held by migrants	1,782,426	1,919,628	2,439,411	2,510,927
Consumer accounts held by migrants	1,709,370	1,837,945	2,338,473	2,406,032
Small business accounts held by migrants	74,237	83,954	101,852	105,454
Rate of bancarization	61.2%	72.4%	85.7%	N.A.
Number of prepaid cards (cards with IBAN and <i>PostePay</i>)	N.A.	706,671	884,716	1,102,033
Current accounts with over 5 years (as % of consumer accounts)	21.9%	34.6%	38%	40.2%
Joint accounts (as % of consumer accounts)	19.2%	18.7%	18%	17.5%

Source: Frigeri (2014), p.43.

Migrants living in Italy owned over 2.5 million current accounts in 2013, with a significant growth from less than 1.8 million current accounts held by migrants in 2010. The rate of bancarization, namely the proportion of current account holders among adult migrants residing in Italy, approximately increased from 60% in 2010 to 86% in 2012¹¹ (Frigeri, 2014).

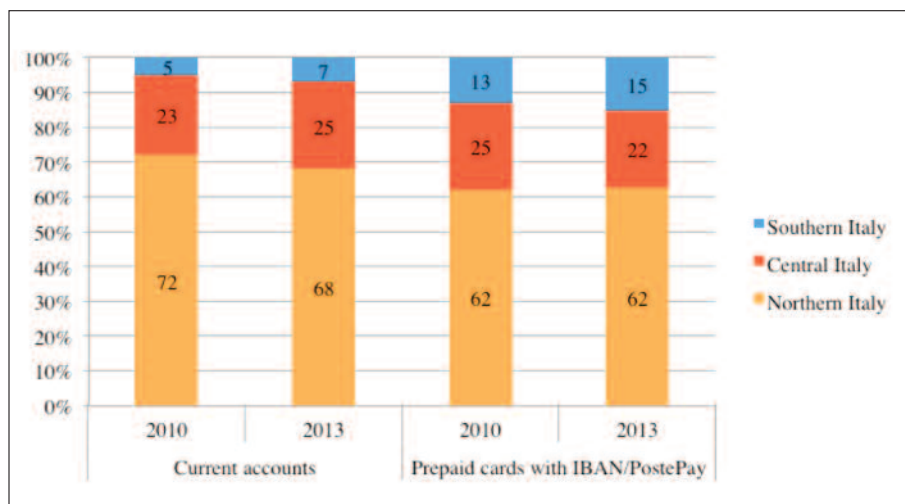
Moreover, the study observed ownership of prepaid cards with IBAN and *PostePay* (postal prepaid cards) among migrants who do not hold a current bank account. As shown in Table 9, possession of these cards increased over time, and in 2013 over 40% of migrants in the sample held these cards. These innovative basic financial instruments, whose use could be enhanced as a vehicle of financial inclusion, allow users to have access to a range of payment services but do not need to be linked to a current account.

¹¹ The author could not calculate the rate for 2013, since official 2013 data on the number of foreign residents in Italy disaggregated by nationality were not available when the research was published.

Drivers of Bancarization

The Observatory finds heterogeneity in migrants' bancarization in terms of geographical distribution. According to Rhi-Sausi and Frigeri (2013), the territorial context plays a key role in determining migrants' financial inclusion, which is strongly affected by differences in the economic, employment and social environment of the area where the migrant lives. These disparities are reflected in Figure 4, which shows significant gaps in the penetration of current account and prepaid cards with IBAN/PostePay among Northern, Central and Southern Italian regions. Nevertheless, it is worth noting that take-up of these financial instruments in Southern regions is increasing, while it generally decreased or remained stable in other regions.

Figure 4
Geographical distribution of current accounts
and prepaid cards with IBAN/PostePay to migrants



Source: data processed from Frigeri (2014), p. 45.

Data also show great variation in current account ownership according to the nationality to which migrants belong. However, Rhi-Sausi and Frigeri (2013) explain that nationality seems to be an unreal driver of bancarization, as it would disguise other underlying indicators. People with the same nationality, for example, could present similarities in terms of their employment, the number of years since migration or the area of residence in the host country.

Evolving Relationship Between Migrants and Banks

The relationship between banks in Italy and migrants is consolidating at a significant pace, as shown by various indicators. Between 2010 and 2013 the proportion of migrants holding a current account for more than five years increased from 20% to 40%¹² (Table 9). According to Frigeri (2014), this indicates migrants' fidelity towards their banking institute, as they are able to build a relationship which becomes more stable over time and reduces informational asymmetries. A lasting relationship allows migrants to create a credit history in the receiving country, thus having access to more sophisticated financial products and services.

Moreover, notwithstanding an increase in family reunifications, the percentage of consumer joint accounts has decreased from 19.2% in 2010 to 17.5% in 2013. This could identify a tendency to open more accounts in the same household, rather than using the bank account of a relative, which is another indicator of a tighter relationship between migrant and banks.

In recent years, the perception of the bank by migrants has also changed. A study by Rhi-Sausi and Zupi (2009) reported that in 2009 migrants saw banks as a place to safely deposit savings and get loans; in 2013 the bank was mostly perceived as a consultant and advisor for every kind of financial need, according to Rhi-Sausi and Frigeri (2013). Credit intermediation was still important, but this new view of the bank reflected a client who has established a mature and solid relationship with the financial provider. The opinion that bancarization is inevitable in order to live and work in Italy was still present in 2013, if less prevalent than in 2009. This could entail, on the one side, a passive process of bancarization, while on the other side it could mean that migrants acknowledge the linkage between financial and social inclusion discussed above, seeing the bank as an "unavoidable step towards integration in a country"¹³.

Three Financial Profiles

Unlike what we have seen about Italians' inertia towards financial intermediaries, migrants have a more dynamic relationship with banks and their process of financial inclusion evolves quickly. Indeed, there has been a rapid uptake of innovative instruments such as prepaid cards with IBAN and greater mobility inside the banking system. According to Rhi-Sausi and

¹² Considering only consumer accounts, which represent 96% of total current accounts owned by migrants.

¹³ Rhi-Sausi J.L. and D. Frigeri (editors), 2013, *Osservatorio Nazionale sull'Inclusione Finanziaria dei Migranti in Italia. Secondo Rapporto*, CeSPI, Rome, p. 68.

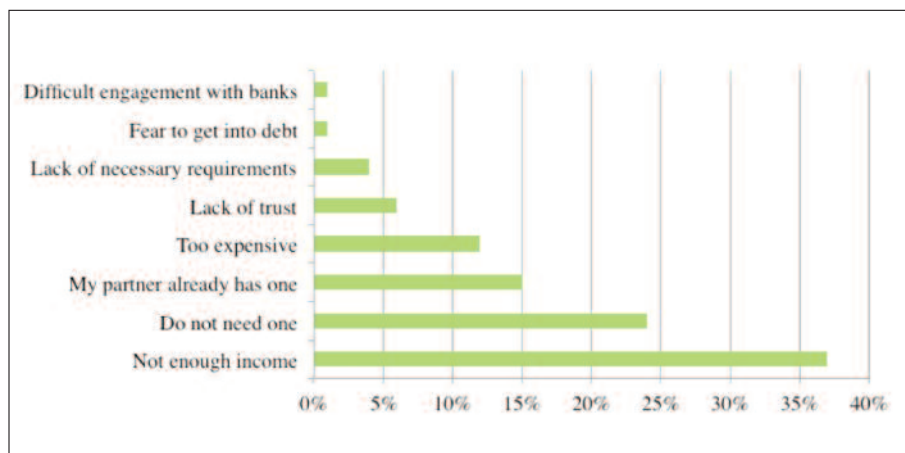
Frigeri (2013) over one in four migrant households (26%) has opened more than one current account in different banks and postal banks and 30% of current account owners have connections with more than one bank. The main cited reason for switching providers is to obtain more affordable and appropriate services, a behavior typical of informed and financially capable clients, who choose financial providers that are more respondent to their needs.

In light of these findings, Rhi-Sausi and Frigeri (2013) outline three financial profiles for migrants. People who do not have a current account belong to the **financially excluded profile**, whose diffusion is rapidly decreasing, as commented before. The authors asked unbanked migrants, representing 33% of the sample in 2011, about the causes of this lack of bancarization.

Figure 5 shows that one out of two foreigners cite low incomes and high costs (“too expensive”) as barriers to current account ownership, indicating a perception of the bank as accessible only to people with high incomes. Moreover, 24% of respondents report they do not need a current account, representing a group of migrants not adequately informed on the advantages that a relationship with the banking system can offer.

These three reasons for not opening a bank account reveal the opportunity for financial providers to open their market to a target population with low incomes, developing more affordable and appropriate products.

Figure 5
Reasons for not opening a current account



Source: data processed from Rhi-Sausi and Frigeri, 2013, p.61.

The **intermediate profile** corresponds to an under-utilization of financial products to satisfy basic financial needs. This profile needs greater support towards deeper financial inclusion but also presents wider growth potential in terms of financial needs, being the most relevant for providers who want to expand their clientele.

The third profile is that of **evolved clients**, who use at least six banking products and have a mature relationship with banks, which are seen not only as a source of credit and savings but also as an advisor for assets management.

An econometric analysis by Rhi-Sausi and Frigeri (2013) shows that the rapid evolution towards this kind of mature financial profile reflects a more dynamic relationship with banks among migrants compared with Italians. Nevertheless, this dynamism depends on factors such as gender, education level, marital status, ownership of current account in the country of origin, employment, income, and years of presence in Italy.

Banks' Approach Towards Migrants

While figures show that migrants' behavior towards banks changes over time, also banks, on their side, transform their approach to this population, which is increasingly gaining attention from Italian providers. Migrants open new market opportunities for financial intermediaries, as concentration of foreign citizens in Italy is increasing and they express evolving and different financial needs.

Italian banks move towards migrant banking along different paths, as suggested by Marcocci (2014). The author identifies four approaches towards migrants adopted by Italian banks. The first approach is that of the "apparently non-responsive banks," which do not offer specific products nor undertake any activity to specifically attract migrants.

The majority of Italian banks adopt a second type of approach, which consists of adapting some traditional services to migrant clients, delivering them through a simple language and multi-lingual information, and in some cases offering more favorable costs and conditions. Their employees receive special training in order to learn how to better engage with migrants, and cultural mediators can be included in the staff.

A third approach to migrant banking is the so-called "banks following migrants," where foreign banks follow the high flows of migrants towards Italy and open branches in the receiving country to serve their fellow countrymen.

The fourth category is that of banks especially created for migrants, such as ExtraBanca and specific branches of UniCredit Bank called "Agenzia Tu", which supply current and deposit accounts for those who still do not have residency permit or identity documents, loans to build a home in the coun-

try of origin, remittance services, and training courses on banking activity for cultural mediators.

Even if differentiated products are useful to effectively address the specific needs of migrant populations, Napolitano and Visconti (2011) warn providers to avoid a particularistic approach which may lead to negative discrimination.

Financial Education

The achievement of financial inclusion cannot be accomplished without financial education, a process through which people become aware of the opportunities that the financial system can offer and learn to approach it in a conscious and responsible way. Informed consumers can actively and consciously participate in the economic, financial and social life of the community where they live.

Financial education can create advantages for both the individual and the markets. It helps people to improve confidence in their own ability to use financial instruments, and to overcome fear or mistrust towards financial providers, thus reducing voluntary exclusion from the financial sector. According to Klapper *et al.* (2012), an informed consumer is also able to report improper practices implemented by financial intermediaries, thus contributing to monitoring and higher transparency in the market. Moreover, financially capable individuals choose convenient and affordable products, after confronting product prices and features; this could enhance market innovation and lead to the development of products that better answer clients' needs.

Financial education could be particularly useful in supporting migrants in their path towards financial inclusion, increasing their understanding and developing their trust in the receiving country's financial sector. As financial trainings are more effective if contents and distribution channels are adapted to the characteristics of the target group (Provasoli *et al.*, 2009; World Bank, 2014), in the case of migrants, providers should also take into account that the demand for financial services evolves depending on the migratory plans and the years of presence in the host country.

According to the Lutheran Immigration and Refugee Service (LIRS, 2005) and the Australian Securities & Investments Commission (ASIC, 2011), migrants' need for financial education depends on previous experiences in the country of origin. Some of them, for example, come from countries where the financial and administrative institutions are weak, unreliable and highly corrupted. Moreover, in the analysis of Gibbs (2010), migrants' financial knowledge can also be influenced by an unfamiliarity with contracts and written documentation, since financial transactions in countries of origin are usually made in cash and through informal channels.

Linguistic barriers are another obstacle to properly engage with financial intermediaries in the receiving country. Understanding the terms of products offered and satisfying documentation requirements can be very challenging if the migrant does not master the language of the host country or has poor literacy and numeracy skills. Moreover, the Center for Financial Inclusion (CFI, 2013) and the LIRS (2005) also highlight that the cultural background, particularly gender roles and religious beliefs, influence financial decisions inside the household and the way individuals perceive money.

Acquisition or improvement of financial knowledge and skills could be facilitated through translation of educational and informative materials in the languages spoken by the main nationalities living in the host country. Gibbs (2010) also suggests that delivering trainings through the help of cultural mediators and ethnic community leaders could help migrants to build trust towards financial intermediaries in the host country. It could also be useful to inform migrants of the documentation required to access different financial products and on the use of more flexible and innovative instruments such as ATMs, prepaid cards and online banking.

Many of these elements can be found in two programs implemented by UniCredit, one of the main banking groups in Italy, and by ACRA-CCS Foundation, an Italian foundation committed to fighting against poverty in developing countries.

UniCredit Bank developed a program for financial education which offers free training courses for clients and non-clients of the bank, delivered by its employees to private consumers, small and medium enterprises and non-profit organizations. Three series of courses specifically target migrants: the first one aims at developing skills on basic banking products and services and the Italian credit system; another course explains the use of remote channels for banking access (such as internet, mobile phones, ATMs, call centre services) and the related risks, addressing both people without computer skills (basic course) and people with at least basic computer skills (intermediate course); a third course informs migrants on investment opportunities and provides an understanding of the securities market and the main investment products¹⁴.

Between 2012 and 2014, ACRA-CCS Foundation coordinated the project “Beyond the threshold. Improving migrant integration through economic and financial skills and knowledge,” which was co-financed by the European Commission – European Fund for the Integration of third-country nationals. This project aimed at facilitating integration of migrants coming

¹⁴ From the website <https://www.unicredit.it/it/chisiamo/educazione-finanziaria.html>, accessed on February 22nd, 2015.

from countries outside the European Union, through access to employment and a more effective and conscious management of their financial resources. In addition to training for business start-ups, and mentoring for improving CVs and communication skills during job interviews, the project carried out various activities for the development of financial literacy and financial capabilities: Italian language courses, which analyzed basic concepts in the economic and financial fields; production and broadcast of radio programs and videos dedicated to economic and financial issues tailored to the needs of the migrants; financial literacy courses “ABC Finance” on family budgeting, financial services, over-indebtedness and remittance channels.

Over 100 migrants from Latin America and Africa participated in the courses on financial education, delivered with the support of the multi-lingual guide “Economy for everyone,” produced by ACRA-CCS Foundation and translated in Arabic, Chinese, French, Italian and Spanish. Written in clear and simple language, it contains practical suggestions, quick tests, and some useful resources such as forms for household bookkeeping or savings planning, and models for letters to communicate with creditors¹⁵.

In both projects classes are delivered in Italian and are conducted in the evenings or during the weekends in order to allow greater participation and compatibly with migrants’ working hours. Even if figures on the impact of these initiatives are not available, these projects remain important to examine as they are rare examples of financial education targeting migrants in Italy.

5. A REVIEW OF FINANCIAL INCLUSION OF MIGRANTS

After having investigated the relationship between migrants and the banking sector, this section approaches the issue of migrants’ financial inclusion through activities implemented by Italian microfinance institutions and non-profit organizations, describing three field experiences. Some of them come from a literature review on good practices in this sector (see Deloitte and Microfinanza, 2011; European Microfinance Network, 2013; Frigeri, 2013), others are the result of personal research carried out through interviews with professionals from the institutions and the analysis of confidential data and documents. The experiences described below were selected according to: their relevance and consistence with the objective of improving migrant financial inclusion; their outreach to migrants (in two case studies migrants represent at least

¹⁵ Information acquired through interviews with professionals from ACRA-CCS Foundation conducted on March 2015.

40% of total clients, while the third one specifically addresses refugees); their innovative approach; and their potential replicability.

Particular attention has been paid to credit, as the opportunity and willingness to use this financial product by migrants could reflect a higher degree of integration and a more mature relationship with financial intermediaries compared with the use of a current account. According to Anderloni and Vandone (2008) and Frigeri (2014), during the phase of stable settlement in the receiving country (see Section 4.1), migrants express the need to access credit to achieve longer-term objectives, such as buying or renting a house, purchasing a vehicle to reach the workplace or other commodities, smoothing consumption and starting a business.

Fondazione Welfare Ambrosiano¹⁶

Fondazione Welfare Ambrosiano (FWA) is an Italian Foundation established by the municipality, province and Chamber of Commerce of Milan and three main Trade Unions (CGIL, CISL, UIL). It aims to bolster the welfare system of the city of Milan to support those people who temporarily live in a condition of economic distress and are vulnerable to financial exclusion as a consequence of unforeseen events (such as job loss, sickness, or closing of a company). Since 2011, the Foundation has been implementing the project “Credito Solidale” (“Ethical Credit”)¹⁷ to facilitate access to microcredit for people who live in Milan. Microcredit can cover necessities of vulnerable households related to housing, education, healthcare, or support microenterprise start-up and development.

In this example, loan requests are collected online or through a network of 13 help desks located all around Milan, and undergo a four-step assessment: first of all, the operators of the help desks evaluate the trustworthiness and the economic needs of the applicant; afterwards, they transmit the selected requests to a team of volunteer former bankers (members of VOBIS association), who assess their creditworthiness; subsequently, the Technical Committee of Fondazione Welfare Ambrosiano analyzes each application individually and forwards the approved requests to the partner lending institutions. After a check of the potential client’s credit information through credit bureaus, the lending institutions disburse a microcredit with favorable interest rates and FWA offers a guarantee which covers 70% of the amount disbursed¹⁸. The maximum amount disbursed is €10,000 for household needs and €20,000 for business purposes.

¹⁶ Information acquired through interviews conducted with professionals from Fondazione Welfare Ambrosiano, and a report by Cioffi (2014).

¹⁷ The project was previously known as “Microcredito Milano” (“Microcredit Milan”).

It is worthwhile noting that the credit scoring applied to potential entrepreneurs differs from the traditional criteria used by banks: if the applicant cannot provide collateral, the assessment committees acknowledge social capital and the moral guarantees from his/her social network. This feature could be particularly advantageous for migrants, as their precarious conditions often prevent them from accumulating assets that could be used as collateral (Frigeri, 2014).

From October 2011 to October 2015, over 1,200 loan requests have been submitted and an efficient four-step assessment process led to the approval of only 37% of the total requests (at the end of 2014, only 4% of the files were rejected by a lending institution, reflecting the efficiency of the selection operated by the Foundation and the volunteers). Throughout the project, 450 microcredits have been disbursed with a total amount of over €3 million; of these, 370 microcredits (82%) were used to answer vulnerable household needs with an average amount disbursed of €5,000, while 80 microcredits (18%) were allocated for business start-up and development with an average amount disbursed of €14,000.

Even if Fondazione Welfare Ambrosiano does not specifically target migrants, this population segment submitted 38% of loan requests, and 43% of all microcredits were disbursed to foreign citizens. As in the case of Italian borrowers, there is a significant prevalence of loans for consumption purposes compared to microcredits for business purposes. The project “Credito Solidale” is aimed at smoothing the effects of the economic crisis, which particularly affected migrants, as seen in Section 4. The favorable loan conditions and the offer of monitoring and counseling services can better answer the needs of migrants with low incomes, precarious employment, low savings or debt.

Each client is monitored and supported before and after the credit disbursement. As regards microcredit for business purposes, VOBIS volunteers and Fondazione Welfare Ambrosiano staff support the client in elaborating the business plan and complying with bureaucratic and legal procedures; they also give tutoring and advice on business activities, marketing, risk assessment and network development. As regards microcredit for consumption needs, the help desk operators act as “moral guarantors” for the borrowers. They regularly monitor credit reimbursement through phone calls and personal meetings; when critical situations are identified, they can address clients to other services and facilities, such as partnering hiring halls, or a task force of VOBIS volunteers, which will give advice on better management of the loan.

¹⁸ Until spring 2015 the guarantee offered by the Foundation covered 80% of the amount disbursed.

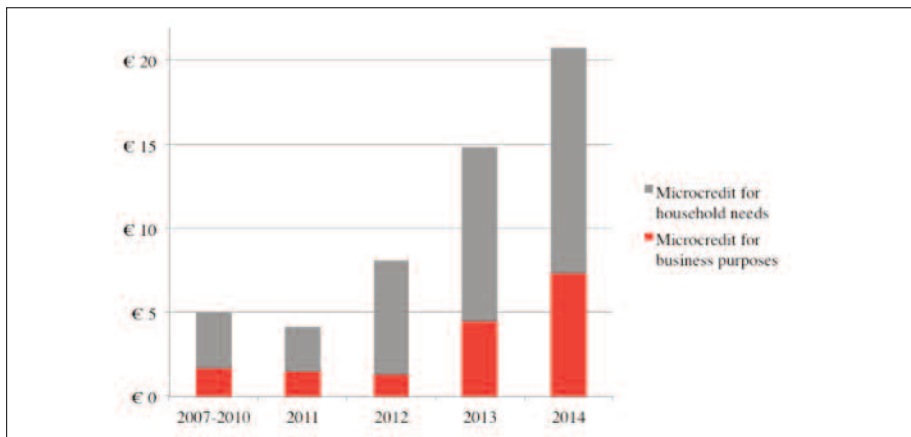
PerMicro¹⁹

PerMicro is an Italian company which provides microcredit, financial education and business development services in order to foster employment and financial inclusion. It addresses people who are excluded from access to credit because of insufficient credit history or precarious employment.

Established in 2007, PerMicro has expanded its network to 14 branches across 11 Italian regions, which have disbursed 11,079 microcredits with a total amount of over €71 million in eight years. Of these, 84% consist of microcredits disbursed to vulnerable households to cover needs related to education, healthcare or housing. Since its establishment, the company has disbursed 9,333 loans to vulnerable households, with a total amount of €48,517,396. On average, these loans have a maturity of 36 months and a 10.27% interest rate is applied. Between 2007 and 2014, data show an average annual growth rate of 16% in terms of number of loans disbursed and 19% in terms of amount disbursed (Figure 6).

Since the beginning of its activities, the microfinance institution (MFI) has also disbursed 1,746 microcredits for microenterprise start-ups and development, with a total amount of €23 million. These loans have a maturity of 64 months and a 10% interest rate. Also in this case the growth rate is quite consistent, as the number of loans increased at an annual average rate of 9% over the period 2007-2014, while the amount disbursed showed a 21% annual growth rate.

Figure 6



Source: data processed from data provided by PerMicro.

¹⁹ Information acquired through confidential data provided by PerMicro, and the study Deloitte and Microfinanza (2011). Data refer to October 2015, unless otherwise indicated.

Migrants represent a sizable part of PerMicro's clients, as they borrowed 92% of microcredits covering their household needs and 49% of microcredits for business purposes. It is worth noting that 40% of the microcredits disbursed to migrants' households were allocated for purchasing a house in the country of origin.

PerMicro's methodology is highly successful among migrants because of its particular lending methodology and a targeted marketing approach. The social network to which the applicant is connected²⁰ plays a pivotal role in loan disbursement, operating as an intermediary between the migrant and PerMicro. The network preselects potential clients among its members and guarantees the applicant's trustworthiness; in exchange for more favorable loan conditions, the network also monitors and gives advice on loan reimbursement. Group monitoring and participation in a reliable network allow PerMicro to substitute collateral for a moral guarantee, thus facilitating access to credit for people, such as migrants, who lack collateral or credit history.

The microfinance institution has also developed an insurance product specifically targeted to migrants, "Ritorno a Casa" ("Come back home"), which covers expenses for repatriation of remains to the country of origin.

The company is building a network in Italy responsive to migrants' needs through partnerships with migrants' associations and other public and private actors operating in the field of integration, as well as the sponsorship of events such as a football tournament for migrants. Some sections of its website are also translated to foreign languages.

According to the company's management, financial education and business development services are essential for a sustainable microcredit provision to migrant clientele in particular. The team of *PerMicro Lab Onlus*, a non-profit association of volunteer former bankers, delivers a wide range of services to support the borrower before and after loan disbursement.

Project "Re-Lab: Start up your business"²¹

The project "Re-Lab: Start up your business" was aimed at facilitating the social and economic inclusion of refugees through self-employment and microenterprise start-up, in order to free this especially fragile category of migrants from dependence on state aid.

Financed by the Italian Ministry of Interior and the European Refugee Fund, the project was implemented between September 2012 and June 2014

²⁰ Such as an association, ethnic group, parish, cooperative, etc.

²¹ Information acquired through documentation provided by "Associazione Microfinanza e Sviluppo" (Microfinance and Development Association).

by ITC-ILO²², in partnership with two Italian non-profit associations operating in the microfinance sector “Associazione Microfinanza e Sviluppo” (“Microfinance and Development Association”) and “Micro Progress”, the Italian Council for Refugees, and the municipality of Venice.

Through the mobilization of different local stakeholders operating with refugees, the partners of the initiative identified 341 potential participants whose entrepreneurial aptitude was assessed through an interview and a test. The two microfinance associations selected 125 refugees in 7 Italian cities to attend a training course on business start-up, analysis of the Italian market and financial planning. The participants also had the opportunity to develop their own business idea through customized technical assistance. The training was completed by 98 refugees, and 53 of them submitted a business plan which was then evaluated by “Associazione Microfinanza e Sviluppo” and “Microprogress”. After an assessment of the business plan’s feasibility, marketability and financial sustainability, 14 migrants received individual tutoring and financial assistance (up to €15,000) to start a microenterprise. The total amount disbursed to the enterprises was €171,030. These funds were provided as grants, but allocated proportionally to the real needs of the enterprise, after a rigorous assessment of its characteristics and the comparison of three budget projections.

The project is characterized by some innovative elements: 12 refugees received a specific training to become “business tutor” in charge of monitoring the microenterprises created, thus acquiring useful skills for their professional career in a period of growth of migrant entrepreneurship. Moreover, refugees not only received training and funding, but their entrepreneurial spirit was also leveraged by the establishment of a local network of private and public stakeholders (financial institutions, social services, professional networks, etc.) which ensured the sustainability of the businesses. The participation in a structured network operated as a guarantee for some lending institutions²³, which agreed to disburse microcredits to the refugee entrepreneurs. *Banca Etica* also offered microentrepreneurs the opportunity to open a current account and install a POS with favorable prices and conditions.

Nevertheless, some critical aspects have emerged from the final evaluations of the project. First of all, it is crucial to better identify the reference networks which operate with the so-called “proactive refugees”. The project identified the preferred profile of refugees as those who have already been

²² International Training Centre of the International Labour Organization.

²³ Such as the banks *Emil Banca* and *UniCredit* and the microfinance institution *PerMicro* (see Section 5.2).

living in Italy for some years, have a certain degree of individual and social autonomy, and belong to some social networks. Moreover, it would be desirable to implement a more flexible project structure which can be adapted to migrants' entrepreneurial needs throughout the implementation; for example, the refusal to finance working capital (such as the purchase of warehouse goods) prevented the financing of valuable business plans aimed at the creation of commercial businesses. Finally, as the funds for enterprise creation were allocated in the form of grants, refugees could have perceived them as a gift or award to which they were entitled, thus reducing their proactive participation in the program in terms of economic resources and motivation and failing to move from aid dependence towards greater empowerment. The implementers of the "Re-Lab" project were able to minimize this risk through the application of accurate business plan selection and analysis by technical staff.

6. CASE STUDY: THE SELF-FUNDED COMMUNITIES

The initiatives described in the previous section have two elements in common: they all provide financial education and business development services to build clients' financial capabilities; furthermore, each of them has developed partnerships and networks in order to facilitate relationships between financially excluded people and financial providers. These two components are particularly useful to support migrants' access to the formal financial sector of the receiving country, as the case study discussed in this section shows.

Based on social relationships and trust among members, the Self-Funded Communities (SFCs) are a semi-formal mechanism of community finance, which adapted to the Spanish context those community credit and savings mechanisms that are frequently used by migrants both in the country of origin and in the host country.

In 2004, the social entrepreneur Jean-Claude Rodriguez established the Association of Self-Funded Communities (ACAF²⁴) in Catalonia (Spain) in order to train and support the creation of the SFCs (Torcat *et al.*, 2011). The association grew rapidly, and in 2013, there were 73 groups in Spain with over 1,000 members and 60% of them were migrants coming from 22 countries. The methodology was transferred to Italy, the Netherlands, Portugal

²⁴ From the Spanish: *Asociación de Comunidades Autofinanciadas*.

and Hungary, and in 2013, it accounted for 95 communities all around Europe with over 2,000 members²⁵.

According to Fall, migrants represent a high component of the SFC members because they are particularly vulnerable to exclusion from the formal financial system as many of them live in precarious conditions and have been badly affected by the recent economic crisis. Moreover, it is easier for them to rely on this methodology that is also more easily accessible by migrants who do not have formal documentation and have experience with similar financial community practices. The SFCs also build a supporting network, whose members trust each other and create strong bonds and solidarity.

We suggest that the SFCs could facilitate migrants' access to the formal financial system of the receiving country, thanks to their role of financial literacy and savings awareness and to migrants' familiarity with group lending methodologies.

The Functioning of a Self-Funded Community

Self-Funded Communities are groups of 6 to 30 members who know and trust each other (they can be friends, relatives or colleagues), and decide to create a common fund to deposit savings and get microcredits to satisfy small needs and cover little unforeseen expenditures, or attain a common goal. Patricia Pulido, President of ACAF Italy, defines the SFC as a "savings, credit and investment group with individual or collective purpose"²⁶.

At the beginning, trainers from ACAF meet the group to explain the methodology and basic financial concepts (such as interest rate, profit sharing and risk). Afterwards, under the trainer's supervision, the group elaborates a charter which regulates the functioning and roles within the SFC, according to its needs and purposes. Shares are issued for the initial fund capitalization and every time a member wants to invest an amount of money; the price of a share is usually low (€5 or €10) in order to facilitate shares' purchase by people with low incomes²⁷. The money is then deposited in a box guarded by the Treasurer; the box can have one or three lockers whose keys

²⁵ Information acquired from an interview with Abdoullaye Fall, Program Manager of ACAF Spain, on July 2014. Hereafter, when we refer to Fall, information is taken from this interview.

²⁶ Information acquired from an interview with Patricia Pulido, President of ACAF Italy, on February 2015. Hereafter, when we refer to Pulido, information is taken from this interview.

²⁷ The supporters of this methodology prefer to use the concepts of "shares" and "investment", instead of "deposit", to emphasize that members play an active role in the management of their own money and are responsible to supervise the profitability of their investment and the well-functioning of the group (Torcat *et al.*, 2011).

are guarded by other members (Keys' Bearers). The group also elects a President and an Accountant, and each of these roles is performed in rotation.

The SFC methodology seeks to help individuals with a path towards building greater trust in one's ability to manage money and financial issues, and also raise awareness on savings and asset building. Members are allowed to request a loan only after having purchased shares, and the maximum loan requested cannot exceed three or four times the shares purchased; the average loan ranges from €300 to €400. In order to get a credit, a member has to be guaranteed by two other members who have sufficient funds to reimburse their peer's loan, if needed. The group can also decide to apply an interest rate on loans, which is deposited in the box and then divided between the members according to the shares owned. According to Fall, various groups experienced a growth of capital equal to 200-300% in the first year of operation.

Financial transactions are carried out only during the meetings, where attendance is mandatory in order to ensure democratic decisions and hold each member responsible for the management of his/her money. During each meeting the accountant registers inflows and outflows on a form, and updates other forms to monitor each associate's loans and shares. Usually the group has an annual duration, after which shares are redistributed among members, who can decide to start a new cycle.

Financial Education and Social Cohesion

The SFCs are self-sustainable local communities that do not need any external funding, as ACAF trainers only provide technical assistance to the groups. This simple mechanism, Pulido affirms, is more flexible but also more formalized than other traditional community practices. Indeed, written regulation and bookkeeping contribute to higher reliability; in addition, deposited or borrowed sums are not fixed, thus members can invest and buy shares in flexible amounts, every time they need it. Therefore, SFC methodology can better meet the necessities of people with low and irregular incomes, such as migrants with occasional or precarious jobs, helping to smooth consumption through increased savings.

SFCs are able to change a person's aptitude towards money. Through financial literacy by ACAF trainers, group members learn financial concepts and put them into practice during the meetings, combining financial education with experience, as suggested by Staschen and Nelson (2013). According to Torcat *et al.* (2011), participating in these groups influences the "psychology of money," which starts to be perceived as a habitual exchange tool, accessible and understandable. People overcome their fear and mistrust of fi-

nancial issues, learning the importance of savings and becoming more aware of their needs and confident of their ability to manage their assets.

These communities are also a mechanism to socialize as they offer their members social ties and emotional connections; trust is essential for their functioning and participation empowers members as everyone has equal power. According to Torcat *et al.* (2011), migrants recently arrived in the host country particularly benefit from this reciprocal financial and social support offered by the SFCs, as they often lack reference networks. These groups are an example of what Anderloni and Vandone (2006) asserted about the influence of migrants' communities on their members' approach to institutions in the receiving country. Group monitoring and peer pressure also help to develop self-discipline and accountability, skills who make an individual more reliable in the eyes of a financial provider.

7. CONCLUSION

Financial inclusion forms part of a wider social inclusion, as the access and effective use of financial services is essential for an active participation of individuals in the economic and social life of the country where they live.

Throughout this paper, we have focused on a specific population segment, that of migrants, examining their higher vulnerability to financial exclusion due to a precarious position in the economy of the receiving country. The recent economic crisis further worsened their situation affecting the employment conditions of these people that generally have less opportunity to resort to revenues different from wages or receive support from solid social and economic networks (Fondazione Leone Moressa, 2014).

Higher financial inclusion could not only bolster migrants' social integration, value their skills and ensure better living conditions, but also create advantages for the receiving country, which would benefit from a growth in migrant entrepreneurship, a conversion of informal businesses into formal ones, a stronger purchasing power of migrant consumers, and the creation of a strategic market for financial providers.

The National Observatory on Migrants' Financial Inclusion in Italy is a unique institution at the European level and a fundamental source of data for monitoring and evaluation of the phenomenon. Reliable data collection on single projects aimed at migrants' financial inclusion should also be incentivised in order to allow for impact assessment and outcome comparison at national and international levels.

Data from the Observatory demonstrate an evolution in the relationship between migrants and banks in Italy, towards a more mature and conscious approach. Nonetheless, great disparities remain at the regional level, show-

ing a consistent gap between bancarization of migrants living in Northern Italian regions and those residing in Central and especially Southern Italy, who experience the lowest financial inclusion (Frigeri, 2014). Therefore, it is desirable to implement national strategies to guide local action and stimulate those regions where initiatives for migrants' financial inclusion are weak or totally absent.

These policies could facilitate the creation of networks where different stakeholders, such as financial institutions, migrants' associations, social service providers, and professional networks, cooperate for a sustainable economic and social integration of the migrant in the receiving country (see Section 5).

Effective policies need to take into account the transformation of financial needs across different stages of the migratory process as well as the peculiarities deriving from cultural background and previous experiences in the country of origin. To this end, a reliable collaboration with migrant communities can contribute to establishing solid relationships with foreign citizens, better understanding their needs and involving them in the decision-making. Ethnic groups and migrants' associations can represent useful intermediaries between migrants and financial providers, facilitate their financial education, improve their understanding of the institutions in the receiving country, and substitute for collateral acting as moral guarantor for their members.

Finally, a change of perspective in the banking sector is welcome. People with low incomes, with precarious living and working conditions and lack of collateral are considered unbankable, because they are viewed as too risky and costly to serve. Andrea Limone, CEO of PerMicro, suggests that a solution to credit rationing and financial exclusion could originate from considering these people as "differently bankable," namely individuals whose financial sustainability and reliability can be evaluated through different criteria than those generally used by banks, transposing the methodology used in the microfinance sector to the banking sector and developing products more suitable to their economic possibilities.

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