

Adjusting to a New Life in the US

U.S.
Financial
Diaries

The Hossains : Queens

Ahmed and Shaila Hossain are immigrants from Bangladesh who moved in 2010 to Queens, NY, where there is a large Bangladeshi community. (Names and details have been changed to protect the participants.) To finance the move, they borrowed from family and friends. Shaila, 34, even sold some of her wedding gold. Ahmed, 44, has master's degrees in business administration and economics. Back home his education enabled him to work as an accountant at a large corporation, while Shaila could afford to be a full-time mother. Now, because they lack English proficiency and American educational credentials, they are at the beginning of a long, slow ascent from their current jobs in retail, food services and driving a taxi to the professions to which they aspire.

The couple has two children: a daughter, Nipa, 7, a third-grader and a son, Arif, 5, who attends pre-kindergarten. They care for the children by staggering their work schedules and occasionally paying \$30 per session for childcare. Shaila is a patient and loving mother, who manages well despite their tight budget. Ahmed says he appreciates Shaila for being "therapeutic" when he is frustrated and disheartened from his job, or just unhappy with their living conditions.

Ahmed and Shaila are already well connected to financial services. They own a checking account and credit cards, and are taking careful steps to both pay down debt and build their credit scores. They come across as positive, optimistic people who are making

difficult choices and are working hard toward long-term goals.

Still, they face many obstacles, including income insecurity that makes it difficult to save money. In Bangladesh, Ahmed's salary was enough to support their family of four. Here, both parents work long hours at multiple jobs and barely make ends meet. Their jobs lack benefits such as sick leave, and any days off result in lost wages and financial setbacks. As the main financial support for the family, Ahmed feels he can't afford to attend college right now, though he says his master's degrees are the equivalent of a U.S. bachelor's degree. So, their plan is that Shaila will attend college in the United States first. Although Shaila also has a master's degree in political science from Bangladesh, she plans to study for a bachelor's degree instead of an advanced degree, because they believe it is easier to get financial aid for undergraduate study.

There is little money left over after rent, utilities, food and clothing. Ahmed says he regrets that they cannot entertain family and friends at their home nor give as many gifts as he would like to during religious holidays and festivals such as Ramadan and Eid. He says they would like to travel and see more of the US with their children, and take them to the zoo and amusement parks, but for now their work schedules are too difficult and they don't have the money.

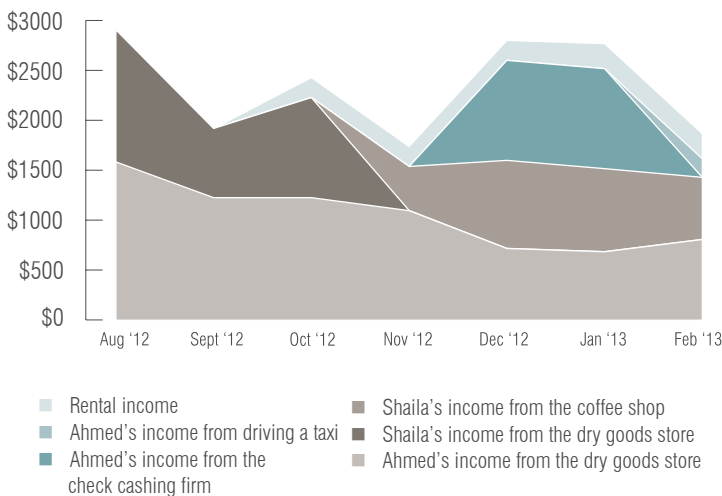
"We came to see the USA but we didn't see the USA," he says.

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Income

Both Ahmed and Shaila are constantly on the lookout for better jobs. When they first arrived in Queens, Ahmed worked as a stock clerk in a dry goods store where he earned about \$7.50 per hour, averaging \$310 a week paid

GRAPH 1: The family gets by with multiple sources of income; both adults switch jobs frequently in search of better opportunities



in direct deposit to their checking account. Shaila began her working life in the US at the same dry goods store, but now she works in a coffee shop. For a couple of months, Ahmed reduced his hours at the dry goods store and took a second job working in a check-cashing firm run by a fellow Bangladeshi. He earned \$1,000 per month in this job, but he quit because he didn't like his supervisor, and because the job didn't help him to learn English. He returned to the store full-time. Ahmed recently paid \$500 to earn a New York City Taxi and Limousine Commission license, which allows him to drive a regulated taxi. He started driving a cab one day a week in February, while still working in the grocery store three or four days each week. This brought in an additional \$185 in February. He hopes he will significantly augment his income as he increases the time he spends driving the taxi.

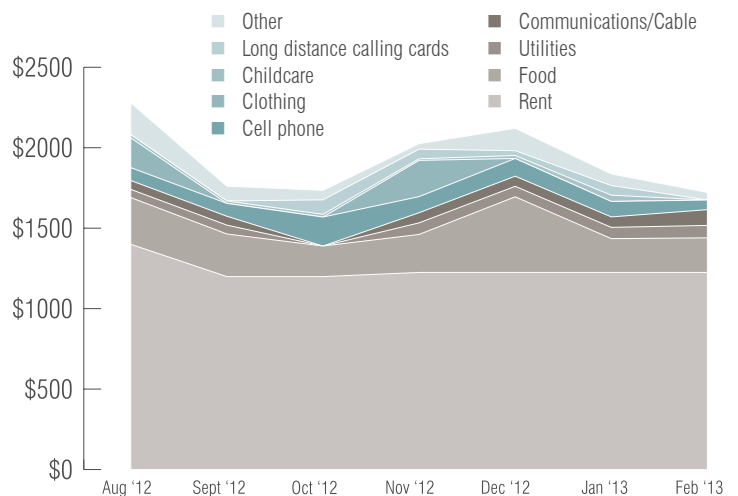
The Hossains also supplemented their income for several months by taking in a boarder, a 21-year-old man who is also from Bangladesh. They generated \$200-\$250 each month from his rent, but they ultimately decided they needed his bedroom for their children, so he moved out in February.

Cobbling these income sources together, the Hossains earned an average of \$2,345 per month between August 2012 and February 2013 (see *Graph 1*). This income has

been highly variable, however, ranging from \$1,740 to \$2,900. Over these seven months, the ups have been caused by Ahmed taking extra jobs or working more hours, or taking a roommate; while the downs have been the result of either partner missing work or by the transition from one job to the next.

The Hossains have smoothed their consumption by spending their savings and by borrowing from friends and family. Ahmed missed two weeks of work, and income, when he injured his hand on the job. He covered their expenses for those weeks with savings and a \$75 loan from a friend. He said that injury set him back three months. Shaila had to undergo two weeks of unpaid training for her new position, and the Hossain's do not expect her to receive a full month's income until after their rent was due. To cover any potential shortfalls this may cause, Ahmed again borrowed from a friend. This time, he borrowed \$500 to keep at home as a form of insurance.

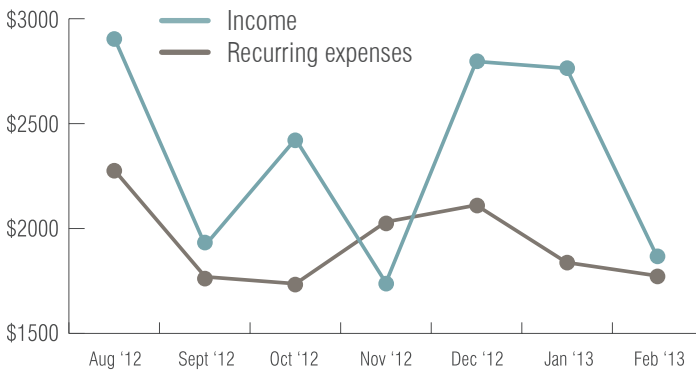
GRAPH 2: New York's high cost of housing is reflected in the family's spending



Expenses

The Hossain's expenses average over \$1,900 per month, with a range of about \$200 less or \$300 more. Rent is the largest share of their monthly outlay, at \$1,400 per month, paid by bank check for their one-bedroom apartment in a large building in a working-class, multiethnic neighborhood. The family manages to spend about \$250 per month on groceries and meals out. Their other regular expenses are electricity, communications including Internet, cable and telephone services and transportation (see *Graphs 2 & 3*). Like many immigrants, they make extensive use of prepaid phone cards and cellular phones. They need a Metro card to use the public transit system in New York City. Ahmed and Shaila often share an unlimited ride card for at least \$112 per month, rather than buying cards for both of them. If they are traveling together, they purchase an additional pay-as-you-go card.

GRAPH 3: Income exceeds expenses most months, though they don't get paid if they have to stay home due to illness or injury



Ahmed and Shaila recently spent \$100 on a wedding gift for a sister back home. Ahmed said, “There are so many events happening in our family, but we can’t participate. We are happy that we can provide some money. We were able to watch live on Skype and we felt the excitement my family was feeling.”

■ Assets and Debts

The Hossains have few assets at this point. They don’t own their own home or a car. They own a checking account but they don’t have much savings. Their average income exceeds their average monthly expenses, but most of what they save goes to repay debts here and abroad, and to finance shortfalls in income due to work absence or illness, or other adverse events. By Ahmed’s own admission they find it hard to get ahead because of their low income. Their jobs do not come with such benefits as medical leave, retirement accounts or pension funds.

The Hossains borrowed money from family and friends to help finance their move from Bangladesh, and they are in the process of paying the loans back. Ahmed filed the household’s income tax return as soon as he received their W-2s this year, with the intent of using any refund to repay the debt. The family received their tax refund on March 30 – \$3,200 from New York state and \$1,100 from the federal government – and immediately sent much of those funds home.

As for other debts, the Hossains intentionally use credit cards for some of their spending – such as purchases of children’s clothing and small gifts – in order to build a positive credit history. They pay their full balance on time – often within the billing cycle, before the due date – and are careful to only buy items that they could afford to pay for in cash. They started with store-issued cards from Macy’s and the Children’s Store, and now have a Discover card as well. Shaila is somewhat reluctant to use credit for items for

which she can afford to pay cash, but they both understand that using credit cards is necessary to building their credit histories and ultimately getting a mortgage.

■ Conclusion

Stories of immigrant families like the Hossains are so much a part of the United States’ national self-image that it is easy to think that we already understand the narrative. And, indeed, there is much here that is consistent with the plotline that we already know. For example, the Hossains have taken several steps back – by taking on debt, and leaving educational credentials and close family behind – in hopes of taking more steps forward. However, there is also much in their story that illuminates our understanding not only of that experience, but also of the experience of millions of other Americans – both recent immigrants and others – who are trying to achieve greater financial prosperity in the face of income insecurity and volatility.

Though the Hossains have a baseline of steady income from their full-time jobs, their wages are low and insecure. They also have regular adjustments in their employment situation. They expect this to continue over time, as they go back to school and get better jobs. In the long-term, this will ideally result in increased income opportunities, but in the short-term, it creates more **income volatility** than they can cover with budgeting or their current savings. They manage this variation in their income by **borrowing from friends**. Their social network provides crucial financial cushion. They also **work hard** and **limit their spending** tightly, forgoing most entertainment.

At the same time, though they have lived in the US for only a short while, the Hossains have already taken important steps that are crucial to their **longer-term plans**. They have established credit scores by using credit cards for their spending without succumbing to the temptation to spend more than they can afford. They have gained a credential that can facilitate higher earnings, the taxi license. And, they have realistic plans about how to pay for the education necessary to get higher paying jobs. While their financial path is far from certain, it is easy to imagine how they will continue toward greater financial stability and prosperity, and how they will rely on both formal and informal financial mechanisms to achieve that goal.

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New York University's Financial Access Initiative (FAI), the Center for Financial Services Innovation (CFSI), and Bankable Frontier Associates (BFA) will collect and analyze detailed cash flow and financial data from more than 200 families in the US over the course of a year. The study will provide an unprecedented look at how low and moderate-income families—in four regions and 10 distinct demographic profiles—manage their financial lives. The landmark study will greatly improve the ability of policymakers, nonprofits, and the financial industry to understand the needs of these households and increase the quality and accessibility of financial services. Leadership support for the US Financial Diaries Project is provided by the Ford Foundation and the Citi Foundation, with additional support and guidance from the Omidyar Network. For more information, please visit usfinancialdiaries.com.



The Financial Access Initiative (FAI) is a research center focused on exploring how financial services can better meet the needs and improve the lives of poor households. At FAI, we systematize evidence and communicate lessons, generate new evidence, and frame policy and regulatory issues. FAI is housed at NYU's Robert F. Wagner Graduate School of Public Service. Visit www.financialaccess.org; learn more about the Big Questions in financial access at www.financialaccess.org/big-questions; follow us [@financialaccess](https://twitter.com/financialaccess).



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