

Leveraging Foreigners' Cultural Values to Boost Finland's Economy: A Multidimensional Study of Homeownership, Financial Inclusion, and Demographic Shifts

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Abstract

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Abstract:

Finland faces interconnected challenges of an ageing population, a declining birth rate, and uneven economic integration of migrants. This thesis investigates how the cultural values of foreign-background residents, particularly in relation to homeownership, can be harnessed to strengthen Finland's economy, promote financial inclusion, and address demographic shifts.

A mixed-methods approach was adopted, with primary data collected via an online survey of 88 first-generation migrants living in Finland. Quantitative analysis, including correlation tests, was complemented by a PESTEL framework and an extensive literature review. Results show that while a majority of respondents are financially independent and interested in owning property in Finland, many remain excluded from the housing market due to limited mortgage literacy, institutional lending constraints, and persistent transnational investment patterns. Language proficiency emerged as a key determinant of both housing market participation and integration outcomes. Migrant families, with their typically larger household sizes and higher fertility rates, offer potential to stabilise housing demand and counterbalance demographic decline.

The study concludes that migrants' economic potential is hindered more by systemic barriers than by lack of capacity. Policy recommendations include integrating language and housing literacy programmes, adopting inclusive financial products, incentivising local property investment, supporting family-oriented housing policies, enhancing multilingual digital access, and implementing ongoing monitoring of migrant housing behaviours. These measures can align Finland's integration strategy with housing market sustainability and long-term demographic resilience.

Keywords: Homeownership, financial inclusion, migration, cultural values, demographic change, Finland, housing policy.

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I lovingly dedicate this work to the memory of my late parents. Though they are no longer here to witness this milestone, their values of discipline, resilience, and the pursuit of knowledge live on through me. I carry their legacy in everything I do, and I hope this work honors their enduring love and sacrifice.

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1 Introduction

Migration has become an important factor in shaping Finland's social and economic development. It has contributed to population growth, increased diversity in the labor market, and added cultural richness to Finnish society. As more individuals with foreign backgrounds move to Finland for work, education, or business opportunities, new questions arise about how well they are integrated into the economy. One area where this is especially important is the housing market.

Among these migrants is a growing group of people who are financially stable. They are employed, self-reliant, and do not receive support from the government. Although many of them can afford to pay regular market rent, they often do not own homes. This is not necessarily due to a lack of income, but rather because of a combination of challenges. These include not knowing how the Finnish mortgage system works, not having a local credit history, and strict loan requirements that do not consider international financial backgrounds. In addition, language barriers, limited access to financial advice in their own language, and cultural differences in handling money can make it difficult for them to enter the housing market.

Owning a home is not only a sign of financial security; it also represents a sense of belonging and a long-term commitment to the country. For migrants who are already financially stable, buying a home is often a natural step in their process of settling in Finland. It also offers a way to build wealth for themselves and future generations.

This thesis looks at how cultural values among foreign-background residents influence their decisions about homeownership. It also explores how these values can support Finland's goals for economic growth, better integration, and addressing demographic challenges such as low birth rates. The study focuses on migrants who are financially independent and not receiving any social support, highlighting their readiness to invest in Finland despite being underrepresented in homeownership statistics. By identifying the barriers they face, the research aims to help decision-makers; such as banks, housing officials, and policymakers to create more inclusive systems. These systems can improve fairness, strengthen the housing market, and help migrant communities become more fully integrated into Finnish society.

2 Background

Finland is currently facing major social and economic changes. These include an aging population, low birth rates, and a growing need for immigrant labor to support the economy and balance the population decline. As a result, the role of foreign-background residents in shaping Finland's future is becoming more important than ever. Although migrants already make valuable contributions to Finland's workforce and cultural diversity, their full participation in the economy is still uneven. One of the areas where this gap is most visible is in homeownership.

Many migrants in Finland are financially independent. They work, study, or invest without relying on social welfare. Despite this, the number of homeowners among this group is still low. This situation presents a paradox: even though they have the means to buy homes, many do not. This issue is not only financial, it also involves cultural and institutional factors. In many cultures, owning a home is closely connected to ideas of stability, social respect, and family tradition. However, when migrants in Finland try to achieve this goal, they often face barriers such as strict banking rules, a lack of inclusive financial services, and limited understanding of their financial behavior.

Interestingly, some migrants choose to build or buy homes in their countries of origin, even if they do not live there. They do this to meet cultural expectations or to show success to their families. This behavior suggests that there is strong motivation for homeownership, which could be redirected towards buying homes in Finland if the system supports them. This opens a valuable opportunity for Finnish financial institutions to better understand these cultural needs and create services that attract and support foreign-background residents in becoming homeowners.

This study is significant because it takes a new perspective. Rather than viewing migrants only as people facing challenges, it sees them as active participants in Finland's economy. Their cultural values, if properly understood and supported, can play a key role in economic growth and social unity. This research focuses on the links between homeownership, financial inclusion, and demographic changes. It shows how culture, finance, and policy can work together to benefit both migrants and the broader Finnish society.

The study also provides a broad framework to help address several national issues at once. These include strengthening the housing market, increasing long-term economic participation, and responding to population decline. It highlights the role that banks and policymakers can play in creating systems that reflect the needs of a more diverse population. By offering

practical, culturally sensitive solutions for homeownership and family support, this research can help shape future banking practices, social policies, and urban planning strategies.

Supporting migrant homeownership is not only fair but it is also a smart investment in Finland's future.

3 Research Objectives and Questions

This study is guided by four interconnected research questions:

1. How do foreign cultural values influence homeownership behavior in Finland?
2. What financial strategies can banks implement to attract foreign-background customers?
3. To what extent can the cultural emphasis on large families among foreign-background populations help address Finland's declining birth rate?
4. How does the birth rate affect house accommodation demand?

Together, these questions aim to provide a holistic understanding of how migration, finance, and cultural identity intersect within the Finnish housing and economic context.

4 Literature Review

Homeownership among immigrants has been widely examined in the context of economic integration, social mobility, and demographic change. Previous studies highlight that while housing acquisition is a key marker of long-term settlement, migrants often face structural barriers, including limited credit history, language difficulties, and institutional bias, which reduce their participation in the housing market (Alba & Logan, 1992; Elsinga, 2007; Kauppinen et al., 2015). Research further indicates that cultural values significantly influence housing preferences, with collectivist traditions often prioritizing property ownership as a symbol of stability and family legacy (Chiswick & Miller, 2005; Dawkins, 2019).

Financial inclusion emerges as another decisive factor, as migrants with limited access to tailored banking products or mortgage advice are less likely to invest locally, potentially redirecting capital flows toward their countries of origin (Devlin, 2005; Osili & Paulson, 2008). In the Nordic context, demographic shifts, particularly declining birth rates, underscore the potential of migrant communities to sustain demand for family-oriented housing and support population renewal (Lesthaeghe, 2010; Puur et al., 2018). These interlinked themes form the basis for exploring how cultural values, financial systems, and demographic trends intersect in shaping migrant homeownership in Finland.

4.1 Cultural Values and Homeownership

Cultural norms shape how individuals perceive property ownership. Immigrants from collectivist societies, such as many African, Middle Eastern, and Asian cultures often place a high premium on owning a home as a source of pride, social standing, and long-term stability (Chiswick & Miller, 2005; Dawkins, 2019). In these cultures, property ownership is not merely a personal milestone but a communal achievement that signifies success, responsibility, and readiness to support extended family. Homes are often multi-generational spaces, intended to accommodate growing families and provide a sense of permanence for future generations. For migrants from these backgrounds, the desire to own property can be both culturally ingrained and aspirational, symbolizing their integration and progress in the host country.

In Finland, however, homeownership among immigrants remains significantly lower than that of the native population due to various structural and institutional barriers. Limited or non-existent credit histories, language barriers, and unfamiliarity with local mortgage and

banking systems are common challenges (Kukk et al., 2020). Many migrants, despite having stable incomes, struggle to meet the strict lending criteria set by Finnish financial institutions, which often prioritize local financial records and long-term employment contracts. Additionally, differences in financial culture, such as the use of informal savings methods or avoidance of interest-based loans due to religious reasons, can further alienate migrants from conventional home-buying processes.

Elsinga (2007) emphasizes that homeownership offers both a sense of security and psychological stability, yet access to this stability is uneven across social groups. For immigrants, the lack of targeted financial products, language-accessible services, and culturally competent advising contributes to a lower uptake of mortgage services and, by extension, lower homeownership rates. This inequality not only reinforces socio-economic divisions but also hinders the full integration of immigrant communities into Finnish society.

4.2 Financial Strategies for Inclusion

Foreign-background customers often experience exclusion from mainstream banking systems, resulting in underutilization of financial services and reduced economic participation. Devlin (2005) identifies financial literacy and institutional trust as critical determinants in shaping how immigrants interact with banks. Migrants who are unfamiliar with the local financial landscape may struggle to navigate complex banking procedures, understand loan conditions, or even communicate effectively due to language barriers. In many cases, previous negative experiences with financial institutions, either in their country of origin or upon arrival, can further diminish trust and willingness to engage.

To bridge these gaps, financial institutions must adopt more inclusive practices. Tailored services such as multilingual support are essential not only for basic accessibility but also for building rapport and ensuring informed decision-making. Culturally adapted financial products, such as Islamic banking options that comply with Sharia law, reflect an understanding of diverse customer needs and can significantly expand market reach (Iqbal & Mirakhor, 2013). Flexible credit assessments that consider alternative financial behaviors, such as informal savings, rent payment histories, or overseas assets, can help circumvent the challenges posed by limited local credit histories (Osili & Paulson, 2008).

Evidence from Scandinavian banks indicates that adopting inclusive financial models leads to tangible benefits. Andersson & Wadensjö (2019) report that banks in Sweden and Norway that introduced culturally sensitive banking services observed increased account openings, loan applications, and long-term customer retention among migrants. These practices

not only enhance customer engagement but also contribute to overall financial stability by broadening the consumer base and diversifying lending portfolios.

In Finland, where many migrants already possess the income and employment needed to qualify for loans but are blocked by institutional rigidity, there is substantial potential for similar innovations. By adopting these models, Finnish banks can play a pivotal role in promoting financial inclusion, supporting migrant homeownership, and ultimately stimulating the national economy through greater participation in the housing and investment sectors. Furthermore, inclusive banking can accelerate social integration, as financial security and access are closely tied to a sense of belonging and empowerment within the host society.

4.3 Demographics and Cultural Emphasis on Family

Finland's declining birth rate poses long-term challenges for labor supply, economic growth, and the sustainability of its pension and social welfare systems. As the native-born population continues to age and birth rates remain below replacement levels, the country faces a potential demographic imbalance with significant fiscal and social consequences. However, many immigrant communities bring with them family-centric cultural values that prioritize marriage, childbearing, and multi-generational living arrangements (Goldscheider et al., 2013; Lesthaeghe, 2010). These values often translate into larger household sizes and higher fertility rates, particularly among first-generation immigrants.

Studies in the Nordic context reveal that while first-generation immigrant families tend to maintain birth rates significantly above the national average, these rates often decrease and align more closely with native patterns among the second generation (Puur et al., 2018). This generational shift reflects both the influence of host-country norms and the structural challenges immigrant families face, such as limited access to affordable housing, childcare services, and parental leave benefits. Without supportive, inclusive family policies, the demographic advantage presented by immigrant fertility may diminish over time.

To preserve and harness this demographic vitality, Finland could benefit from re-evaluating and enhancing its family policy framework through a multicultural lens. Policies that recognize and support larger family sizes, such as scaled housing subsidies, targeted family benefits, culturally sensitive maternal and child health services, and multilingual childcare, can promote sustained population growth among immigrant communities. These measures also help create an environment in which both native-born and foreign-background families can thrive.

Moreover, facilitating pathways to stable employment and homeownership for migrant families strengthens their economic contribution and encourages long-term settlement. A secure and supported family unit is more likely to invest in Finland's future, both through childrearing and through active participation in the labor market and civil society. In this way, culturally inclusive family policies are not only tools of integration but also strategic responses to national demographic challenges.

4.4 Housing Demand and Demographic Shifts

Birth rates directly impact the structure and demand in housing markets. Mankiw and Weil (1989), in their influential paper *“The Baby Boom, the Baby Bust, and the Housing Market”*, demonstrate that demographic shifts, particularly changes in birth cohorts, have long-term effects on housing demand and prices. They argue that the housing market experiences significant booms and busts in response to generational population waves. For instance, as the baby boom generation reached home-buying age, the surge in demand for housing contributed to rising property values and construction activity. Conversely, a subsequent drop in birth rates, the so-called “baby bust”, led to decreased housing demand, a slowdown in construction, and downward pressure on prices. Their model highlights the importance of demographic forecasting in urban planning and real estate investment.

In Finland's context, a declining birth rate translates into shrinking household sizes and increased demand for smaller, more affordable apartments, particularly in urban centers (Kujala, 2020). This trend has the potential to exacerbate issues like housing oversupply in suburban or rural areas traditionally designed for larger families. Additionally, it challenges long-term sustainability in the construction sector, which depends on steady demand to remain economically viable.

Conversely, immigrant populations with higher fertility rates and a cultural emphasis on larger households counterbalance these effects by maintaining demand for spacious, multi-room dwellings. This demographic group may play a critical role in sustaining the housing market by occupying homes that would otherwise remain underutilized or vacant. As Mulder and Smits (1999) and Lee and Painter (2013) point out, migration can mitigate the uneven effects of demographic decline, particularly when policies are in place to support family-friendly housing infrastructure. Therefore, understanding how birth rates, both native and migrant, affect housing demand is essential for designing inclusive urban development strategies and avoiding structural imbalances in the real estate sector.

5 PESTEL Analysis: Factors Influencing Migrant Homeownership in Finland

Understanding the broader forces that affect homeownership among migrants requires a comprehensive macro-environmental analysis. The PESTEL framework offers insight into the Political, Economic, Social, Technological, Environmental, and Legal factors shaping the housing decisions of financially stable migrants in Finland. Each dimension reveals systemic influences that can either support or hinder homeownership.

5.1 Political Factors

Government policies play a critical role in shaping migrant integration and determining access to stable housing, which is widely recognized as both a fundamental social right and a key driver of long-term settlement (Ager & Strang, 2008; Phillimore, 2020). Finland's National Integration Programme 2021–2024 emphasizes inclusive participation, language acquisition, and the reduction of structural barriers for immigrants, including those related to employment, education, and housing (Ministry of Economic Affairs and Employment, 2023). However, despite these overarching goals, housing policy reforms have yet to fully address the persistent gaps in mortgage accessibility and homeownership opportunities for foreign-background residents. Empirical studies suggest that institutional lending criteria in Finland, such as requirements for lengthy local credit histories, permanent employment contracts, and Finnish-based guarantors, can systematically disadvantage migrants, even those with stable incomes and assets abroad (Kauppinen et al., 2015; Skifter Andersen et al., 2016).

Furthermore, urban development strategies often prioritize affordable housing and densification in response to broader demographic trends, yet these initiatives may inadvertently overlook the nuanced needs of migrants who are financially independent but still underrepresented among homeowners (OECD, 2022). This includes a lack of tailored financial products, limited multilingual mortgage counselling, and the absence of mechanisms for recognizing international creditworthiness. Research from other Nordic countries demonstrates that targeted, culturally sensitive housing policies, integrated with financial inclusion measures, can significantly increase migrant participation in the housing market and improve integration outcomes (Andersson & Wadensjö, 2019).

Political will is therefore essential not only to align housing policies with integration goals but also to foster structured collaboration between municipalities, financial institutions, and immigrant support services. Such coordinated efforts could ensure that housing policies are

not merely reactive to market pressures but actively inclusive of diverse resident profiles, thereby reinforcing social cohesion and economic participation. Without deliberate policy interventions, there is a risk that existing disparities in homeownership between native and migrant populations will persist or widen, undermining both integration objectives and housing market stability.

5.2 Economic Factors

Finland faces pressing demographic and labor market challenges: an aging population, declining birth rates, and a shrinking working-age cohort (Statistics Finland, 2023). These structural shifts place sustained pressure on the country's welfare model and economic competitiveness, thereby intensifying the economic value of migrants as both contributors to the labor force and drivers of economic growth (OECD, 2021; Vartiainen, 2019). Financially stable immigrants, particularly those engaged in skilled employment or entrepreneurship, contribute significantly to tax revenues, innovation, and business creation, helping to offset the fiscal impact of population aging (Andersson & Wadensjö, 2020).

Despite these contributions, many migrants remain excluded from wealth-building opportunities through homeownership due to structural barriers such as insufficient local credit histories, rigid lending criteria, and the limited portability of international financial records (Skifter Andersen et al., 2016). Empirical research shows that housing tenure plays a pivotal role in socio-economic integration, with homeownership providing not only economic stability but also a stronger sense of belonging and place attachment (Bolt & Van Kempen, 2010). The inability of Finland's banking institutions to systematically evaluate and recognize international creditworthiness reflects a missed opportunity to attract foreign capital, anchor long-term residents, and integrate migrant wealth into national economic cycles.

Facilitating migrant access to mortgage financing could have multiple economic and social benefits. Expanding homeownership among immigrants would likely stimulate real estate demand, foster urban regeneration in underpopulated regions, and encourage investment in local infrastructure (OECD, 2022). Moreover, enabling foreign-background residents to channel income into Finnish property markets could help retain capital that might otherwise flow abroad, contributing to broader macroeconomic stability. Policy innovation in this area, through reforms in credit assessment, the development of transnational financial verification mechanisms, and targeted mortgage products, could thus simultaneously address Finland's demographic challenges and advance its integration objectives (European Commission, 2020).

While the long-term economic potential of migrants is significant, it is equally important to recognize the short- and medium-term costs associated with integration. Newly arrived immigrants often require substantial public investment in areas such as language training, education, housing support, and employment services (Dustmann & Frattini, 2014; Sarvimäki, 2017). In addition, access to social welfare benefits during the initial settlement phase can temporarily increase fiscal pressures, particularly when labor market integration progresses slowly (OECD, 2020). These upfront expenditures, however, should be understood as necessary investments that lay the groundwork for migrants' future contributions to the economy and society. A balanced policy approach must therefore weigh these immediate costs against the long-term gains of increased tax revenues, labor market renewal, and demographic stabilization (Rinne & Sarvimäki, 2017). Ultimately, the success of immigration policy depends not only on attracting migrants but also on ensuring their effective integration into employment and community life, thereby transforming short-term public spending into sustainable economic and social returns (European Commission, 2020).

5.3 Social Factors

Homeownership is deeply embedded in cultural frameworks, often symbolizing stability, intergenerational wealth transfer, and elevated social standing (Doling & Ronald, 2010). Among migrant populations, owning a home frequently carries additional symbolic weight, representing not only economic success but also social integration, permanence, and personal security in the host society (Søholt & Astrup, 2009). Empirical studies show that for many immigrants, the aspiration to own property is intertwined with broader goals of establishing roots and reducing the socio-economic vulnerabilities associated with renting (Hulse, 2008).

However, structural and cultural barriers often constrain these aspirations. Social exclusion, linguistic challenges, limited knowledge of Finnish housing norms, and the complexity of mortgage procedures collectively hinder migrant participation in the housing market (Sakslin, 2020). Moreover, rigid credit assessment processes and limited recognition of foreign financial histories exacerbate these challenges, particularly for newcomers and self-employed migrants (Skifter Andersen et al., 2016). These obstacles can lead to a preference for investing in property in migrants' countries of origin, driven by strong transnational ties, cultural attachment, or perceived insecurity in the Finnish housing and financial systems (Kupiszewski et al., 2010).

Social narratives and visible inclusion efforts, such as public campaigns highlighting diverse homeowners and targeted financial literacy initiatives, have been found to play a crucial role in reshaping perceptions and building trust in local housing markets (Saukko-nen, 2021; Ager & Strang, 2008). By actively promoting inclusive housing policies and facilitating access to property ownership, municipalities and financial institutions can encourage migrants to channel investments locally rather than abroad, thereby contributing to urban regeneration and economic growth.

Social integration and economic participation are mutually reinforcing processes. Supporting migrants' housing goals fosters stronger community bonds, enhances neighborhood stability, and bridges the gap between temporary residents and long-term stakeholders in Finnish society (Putnam, 2007). In turn, higher rates of migrant homeownership can create a virtuous cycle of civic engagement, local spending, and intergroup trust, all of which are essential for cohesive and sustainable communities.

5.4 Technological Factors

Finland is recognized globally for its advanced digital infrastructure, consistently ranking among the top countries in the EU Digital Economy and Society Index (European Commission, 2023). While this leadership in digitalization has enabled efficiency and innovation in banking, governance, and service delivery, it can inadvertently create barriers for marginalized groups when inclusivity is not embedded in system design (Halpern et al., 2022). For many migrants, challenges arise from a combination of limited Finnish or Swedish language proficiency, unfamiliarity with local digital processes, and the lack of required digital credentials such as online banking codes or electronic identification (eID) (Digital and Population Data Services Agency, 2023).

Access to online banking, mortgage application portals, and digital identity verification is increasingly critical for participating in modern economies. However, financial technology (fintech) platforms and e-government portals often lack multilingual interfaces or fail to accommodate nontraditional financial profiles, such as informal earnings, foreign credit histories, or cash-based transactions common in certain countries of origin (Gomber et al., 2018; Carling & Pettersen, 2021). This exclusion not only delays financial integration but may also reinforce socio-economic inequality by restricting access to mortgage products, small business loans, and property transactions.

Inclusive design principles, such as offering multilingual navigation, simplified verification processes, and alternative credit scoring mechanisms, are essential to ensure equitable

digital participation (OECD, 2022). Evidence from other Nordic countries suggests that targeted digital literacy programs, delivered through libraries, community centers, and immigrant support organizations, significantly improve migrants' ability to use online banking and government services (Hatlevik & Christophersen, 2013). When combined with regulatory incentives for banks and fintech firms to expand accessibility, these measures can bridge the digital divide and promote greater financial inclusion.

Ultimately, digitalization must be viewed not only as a technological shift but also as a socio-economic transformation that requires active governance. Integrating migrant perspectives into the development of digital financial services can prevent the reproduction of structural inequalities and ensure that Finland's digital leadership benefits all residents equally (Keskinen et al., 2021).

5.5 Environmental Factors

Environmental considerations in urban housing policy directly shape migrant housing experiences and integration outcomes. Finland's sustainable urban development framework, guided by the *National Land Use Guidelines* and the *Sustainable Cities Programme*, emphasizes densification, green infrastructure, energy efficiency, and the reduction of urban sprawl (Ministry of the Environment, 2022). While these strategies align with Finland's carbon neutrality target for 2035, their benefits are unevenly distributed. Migrants—particularly recent arrivals and lower-income households, are more likely to reside in affordable or transitional neighborhoods that often lack sustainable infrastructure, efficient public transport connections, and proximity to public services (Agyeman et al., 2016; UN-Habitat, 2020).

This disparity reflects a broader environmental justice concern, where marginalized groups bear disproportionate exposure to environmental disadvantages while being excluded from the benefits of green development (Schlosberg, 2013). Studies from other Nordic cities indicate that densification and eco-district development can unintentionally lead to “green gentrification,” where improved environmental amenities increase property values, pricing out vulnerable residents, including migrants, unless targeted affordability measures are in place (Haase et al., 2017).

Integrating migrants into sustainable housing policies is not only a matter of equity but also an opportunity to advance Finland's climate goals. Providing equitable access to energy-efficient housing, renewable energy integration, and well-connected public transportation networks reduces household emissions while enhancing quality of life. The creation of in-

clusive eco-districts with affordable ownership schemes could demonstrate how social inclusion and environmental sustainability can be pursued together, aligning with the principles of the *European Green Deal* and the UN Sustainable Development Goals (European Commission, 2019; UN-Habitat, 2020).

Participatory planning models, where migrants are actively involved in neighbourhood design and decision-making, can ensure that environmental policies reflect diverse needs and cultural preferences. This approach also builds trust, fosters community resilience, and counters the risk of spatial segregation, turning sustainable housing into a tool for both ecological and social integration (Anguelovski et al., 2020).

5.6 Legal Factors

Legal frameworks significantly influence migrants' ability to acquire and finance property in Finland. While the *Non-Discrimination Act* (2014) guarantees equal treatment regardless of nationality or ethnic background, its implementation in financial and housing markets remains uneven. Banks and lending institutions often impose requirements such as proof of long-term residence, permanent Finnish employment contracts, or an established domestic credit history, criteria that disproportionately disadvantage migrants, especially recent arrivals and self-employed individuals with foreign income streams (Finnish Financial Supervisory Authority, 2023; FRA, 2021).

Although there are no statutory prohibitions on foreigners purchasing property in Finland, institutional lending policies may function as *de facto* barriers. These internal risk assessment protocols often fail to account for international credit records, alternative income documentation, or collateral from abroad (OECD, 2022). This creates an asymmetry between the *formal* legal right to property ownership and the *practical* ability to secure financing, a gap also observed in other EU countries (European Commission, 2020).

Comparative studies show that standardized, transparent lending criteria can mitigate such disparities and expand access to homeownership for foreign nationals without undermining financial risk management (World Bank, 2020). In Finland's context, targeted legal reform could involve harmonizing mortgage eligibility standards across institutions, integrating international credit reporting systems, and strengthening the monitoring of compliance with anti-discrimination statutes in banking services. Enhanced enforcement mechanisms, combined with training for financial professionals on diversity and inclusion, could ensure that equal rights under the law translate into equal opportunities in practice (FRA, 2021).

By addressing these structural constraints, Finland would not only fulfil its obligations under domestic equality legislation but also align with broader EU objectives for financial inclusion and the free movement of capital and people (European Parliament, 2018).

Summary Table: PESTEL and Migrant Homeownership in Finland

Factor	Impact on Migrant Homeownership
Political	Policies promote integration, but housing policies remain structurally exclusive.
Economic	Migrants contribute to the economy but face obstacles in accessing mortgage credit and wealth-building tools.
Social	Cultural emphasis on homeownership is high, but barriers include social exclusion and mistrust of local systems.
Technological	Advanced digital systems are often linguistically and culturally inaccessible.
Environmental	Urban sustainability efforts must integrate affordable, inclusive housing for migrants.
Legal	Anti-discrimination laws exist, but banking practices often undermine migrants' access to property ownership.

6 Methodology

This research used a survey to collect information from immigrants living in Finland. The focus was on first-generation migrants, meaning people who were born in another country and later moved to Finland. This group was chosen because they still have strong connections to their original culture and way of thinking, which might influence their housing choices. The survey was done over a 30-day period (one month). The main goal was to learn about their current housing situations, if they are interested in buying property, and what challenges they face. These challenges could include things like not having enough information or not receiving financial support for buying a home.

6.1 The survey

The survey was created using an online form, which made it easy to share with people. It was posted on social media and in community groups so that many people could find and answer it. The form had both multiple-choice and open-ended questions. These questions asked about things like age, how many years people had lived in Finland, whether they rented or owned a home, and if they wanted to buy property in Finland or in their home country. The survey form is shown in Appendix 1 of this thesis. In total, 88 people answered the survey, which gave a good amount of data to study (Appendix 1: Homeownership behaviour).

Most of the questions were simple and based on daily life, so they were easy for people to understand. The answers came from people of different backgrounds, but most of them were working-age adults. After collecting the responses, the data was put into tables and charts to help organize the information. These tools made it easier to see common trends and understand what most people were thinking or doing when it comes to housing and home ownership.

This survey method was chosen because it is quick, easy, and low-cost. It also lets people answer in private, which can help them feel more comfortable and honest. Since the form was online, it was also easy to reach a larger number of people. The results from this survey show what kind of help or knowledge immigrants might need in order to buy a home in Finland. This could include more education about mortgages, better access to financial services, or community support to guide them through the home buying process.

6.2 Answers from the survey

In this part of the research, we will look at the results for each question that was asked in the survey. We will carefully study the answers given by the participants and try to understand what they mean. This process is called interpreting the results. By doing this, we can find out what most people think, feel, or experience when it comes to housing, renting, or buying a home in Finland. Each question gives us a small piece of the bigger picture. When we put all the answers together, we can see clear patterns or trends.

6.3 Results

6.3.1 Your Age

The ages of people who answered the survey ranged from 0 to 72. Most of the people were between 36 and 42 years old. This age group is usually working, which makes them a good group to study when looking at housing and mortgage issues. However, there are some answers, like “0,” that may be mistakes or missing information.

Overall, the survey mostly reached adults who are likely to be thinking about buying homes or paying off mortgages. This makes the survey useful for understanding the housing needs of working people. Still, it’s important to fix or remove any incorrect age entries to make sure the results are accurate.

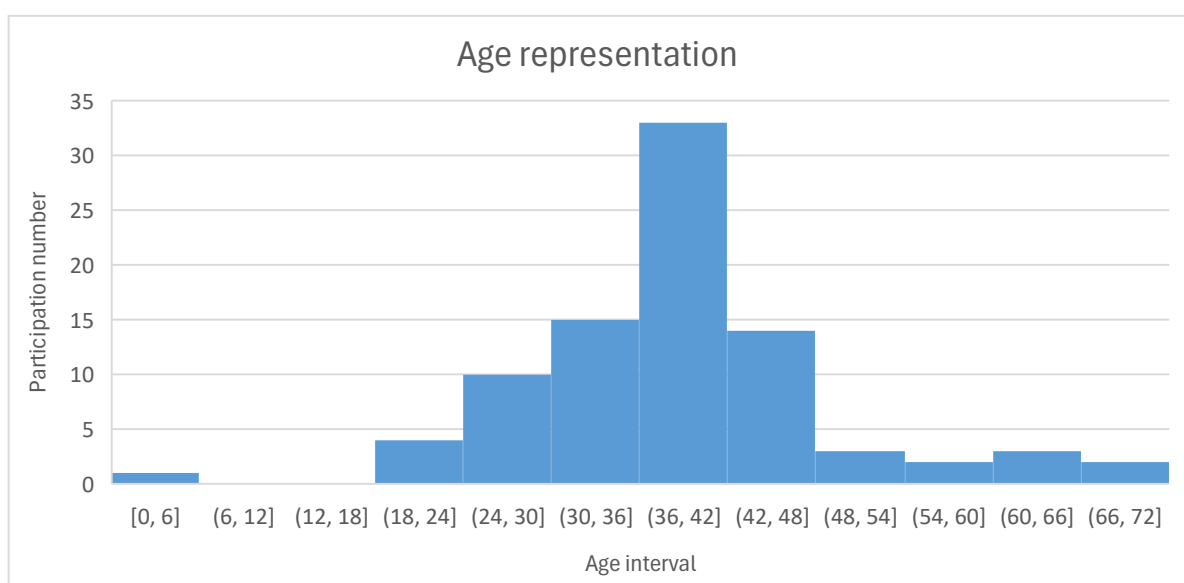


Figure 1: The age representation

6.3.2 How long have you been in Finland?

The survey results reveal a wide variation in respondents' length of stay in Finland, ranging from newcomers with less than two years of residence to long-term migrants who have lived in the country for nearly three decades. Interestingly, the data suggest a correlation between duration of stay and both housing tenure and financial behaviour. Short-term residents (1–5 years) are predominantly students or early-stage workers, and most of them rent housing, reflecting limited integration into the Finnish housing market and incomplete knowledge of mortgage financing structures. In contrast, individuals who have lived in Finland for 10–20 years increasingly transition to homeownership, often after establishing stable entrepreneurial or professional positions, while still showing ties to their countries of origin through plans to invest in property abroad. The longest-term residents (25+ years) are more likely to own property in Finland, and in some cases in their birth countries as well, indicating dual property strategies consistent with transnational identity maintenance. Overall, the data suggest that housing integration is not only a function of income or social status but also strongly conditioned by the length of residence, which allows migrants to accumulate local credit histories, adapt to financial institutions, and embed their cultural values of homeownership into the Finnish context.

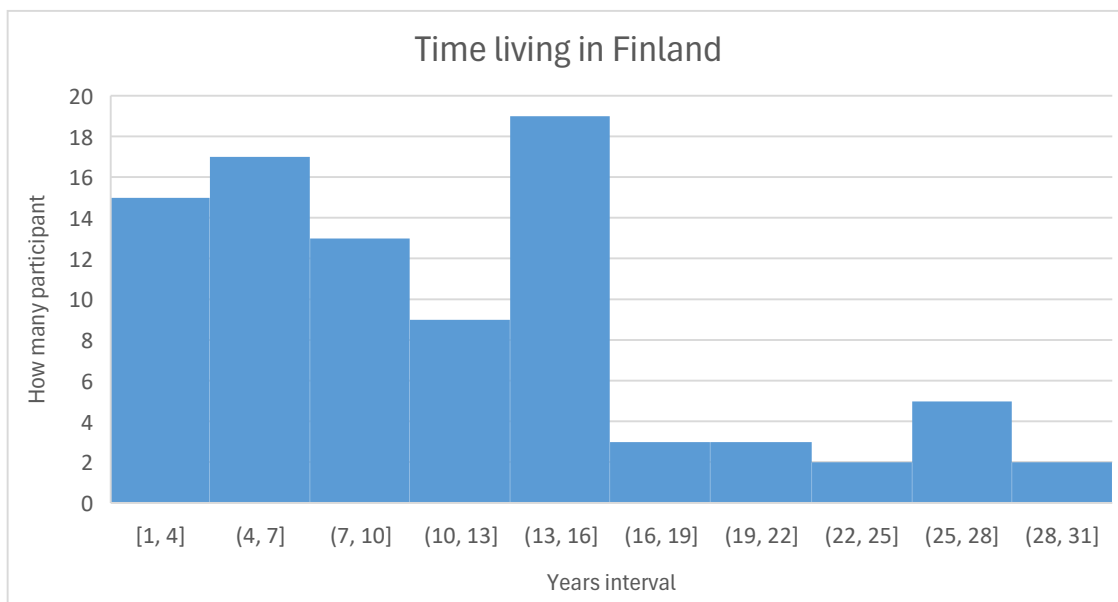


Figure 2: The time they have been living in Finland

6.3.3 Your situation

The survey asked people to choose their current work status from five categories: Working(entrepreneur), Studying, Unemployed, Retired, or "I do not want to say." Most of the people who answered the survey said they are currently working. This is a helpful sign because working people usually have a regular income, which can make it easier for them to plan for things like renting or buying a home. A good number of people also said they are students, which means they are likely focusing on education right now but may be planning for their future housing needs.

Knowing that most respondents are working adults, with students being the second-largest group, gives us useful insight. People who are working might already be thinking about mortgages, long-term housing, or saving money. On the other hand, students may not be ready to buy a home yet, but they could be interested in learning more about housing options or renting. Understanding this mix of people helps us know what kind of information or help they may need when it comes to housing.

Your situation
87 réponses

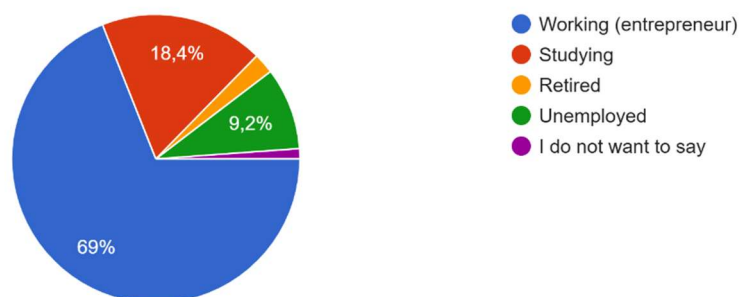


Figure 3: The situation for the participants

6.3.4 In which house do you live

The survey asked people if they are currently renting their home or if they own it. Most of the people said they live in rented houses. This includes many people who have lived in Finland for more than ten years. Normally, people who stay in one place for a long time are

more likely to buy a home. But in this case, even long-term residents are still renting, which is interesting and important to understand.

This trend could mean that people are having trouble affording a home, or they might not feel ready to buy. It could also mean that they prefer to use their money for other things, like supporting family in another country or investing elsewhere. Renting for a long time might suggest that people are unsure about staying permanently or face challenges with getting a mortgage. This information is helpful when thinking about what kind of housing support or financial advice the community might need.

In which house do you live
88 réponses

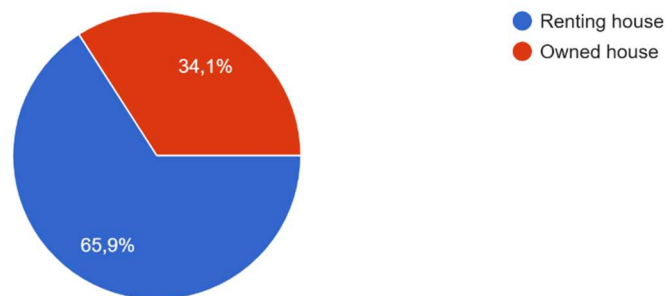


Figure 4: In which house they live in ?

6.3.5 Household size

The survey looked at how many people live in each home. Most people said they live in small to medium-sized households, usually with 1 to 5 people. This is a normal size for many families or individuals, and it helps us understand what kind of homes people might need. Small families usually need one- or two-bedroom homes, while medium-sized families may need more space. Knowing this helps in planning better housing options for the community.

There was one unusual answer where someone said 21 people live in their home. This number is much higher than all the others, so it might be a mistake or could mean a special situation like shared housing or a group living together. It's important to double-check such outlier data to make sure it's correct. Overall, the data shows that most people are living in homes that match the usual size for housing in cities or towns, which is useful when thinking about future housing plans and services.

How many do you live together in the same house in Finland (Household number)

88 réponses

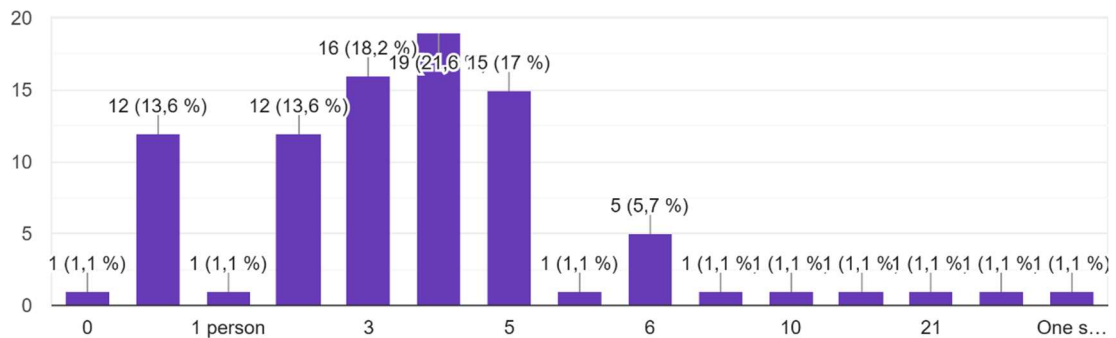


Figure 5: How many people living in the house

6.3.6 Do you own a house in your country of origin?

The survey asked people if they have invested in property in their home country. A good number of people said "yes," showing that many still have strong ties to where they come from. They may feel more comfortable buying homes there because it's more affordable, or because they already know the system. Some people also want to have a place back home for the future, or for their families who still live there. Cultural reasons, like wanting to keep a connection to their roots, may also play a big role in this decision.

However, slightly more people said "no," meaning they have not invested in property back home. This could be because they are focused on building their life in Finland, or maybe they cannot afford to buy a home in either country. It's also possible that some people do not plan to return to their home country, so they don't see the need to invest there. Overall, the answers show that many people still look to their home countries for big investments like housing, even while living in Finland.

Do you own a house in you born country
85 réponses

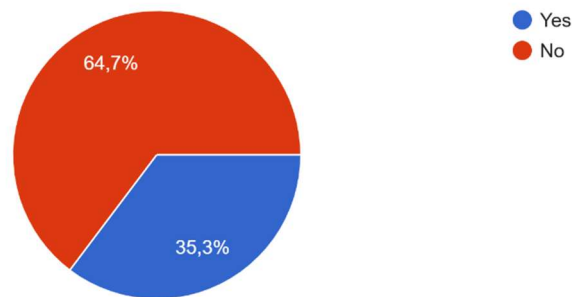


Figure 6: Who posses a house in their country of origin

6.3.7 Are you planning to build or buy a house in your country of origin?

Many people answered "yes" when asked if they still plan to build or buy a home in their home country. This shows that even though they live in Finland, they still think about having a house back where they came from. It may be because they want to return one day, or because they feel close to their family and culture. For some, building or buying a house back home is a long-term goal or a way to stay connected to their roots. This emotional connection can be very strong, and it often guides big decisions like investing in property.

On the other hand, not everyone wants to say what their plans are, and some said "no." Still, the overall trend shows that many are still thinking about their home country when it comes to property. This can affect how willing they are to buy a house in Finland. If someone is planning to invest money in their home country, they may not want to also buy in Finland, or they may wait longer to do so. It shows that personal feelings and future plans in their home country play a big part in their financial choices in Finland.

Are you planning to build or to buy a house in your born country

83 réponses

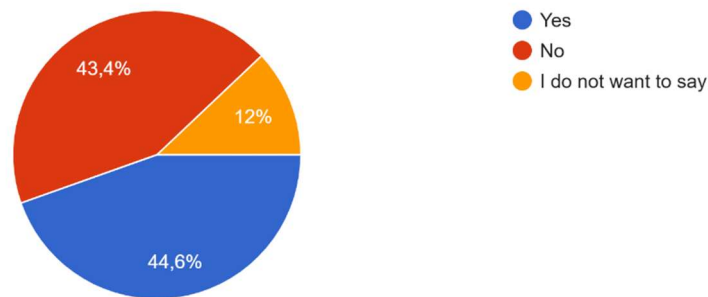


Figure 7: Those who are interested to buy a house in their born country

6.3.8 Do you want or plan to get a house in Finland?

Most people answered "yes" when asked if they want to buy property in Finland. This shows that many immigrants are interested in settling down and making long-term plans in the country. It also means they may be ready to invest in a home, especially if they find the right opportunity. This strong interest is a positive sign for the housing market, and it shows that people want to be part of Finnish society and build a stable life here. They may just need the right support or more details on how to make it happen.

However, some people answered "no" or chose not to say. This shows that there is still some uncertainty or hesitation for a few people. The reasons might be related to money, job security, or not feeling ready yet. Still, the overall interest in buying homes is quite high. This suggests there should be more help available for these individuals, like clear information about the home-buying process or easier ways to get a mortgage. If people feel supported and informed, more of them may decide to buy property in Finland.

Do you want or plan to get house in Finland
81 réponses

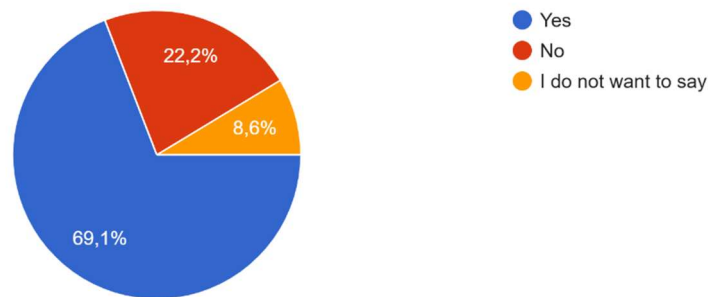


Figure 8: Who want or plan to get house in Finland (living country)

6.3.9 Finnish Language Level (2–5)

Most people said they speak Finnish at Level 3, which means they have an intermediate level of language skills. They can speak and understand everyday conversations, but they may have trouble with more difficult topics. This is common among people who have lived in Finland for a few years but are still learning the language. While this level is helpful in daily life, it might not be enough for understanding detailed documents or financial terms.

Because of this, language could be a barrier when trying to buy a home. Understanding mortgage contracts, legal terms, and bank rules can be hard, even for native speakers. For someone still learning the language, this can make the process even more confusing or stressful. This means that banks, real estate agents, and other services should consider offering help in simple Finnish or even in other languages. This support can help more people feel confident about making big financial decisions, like buying a house.

What is your Finnish language level (2= basic level, 3= intermediate level , 4=professional level, 5= native)

87 réponses

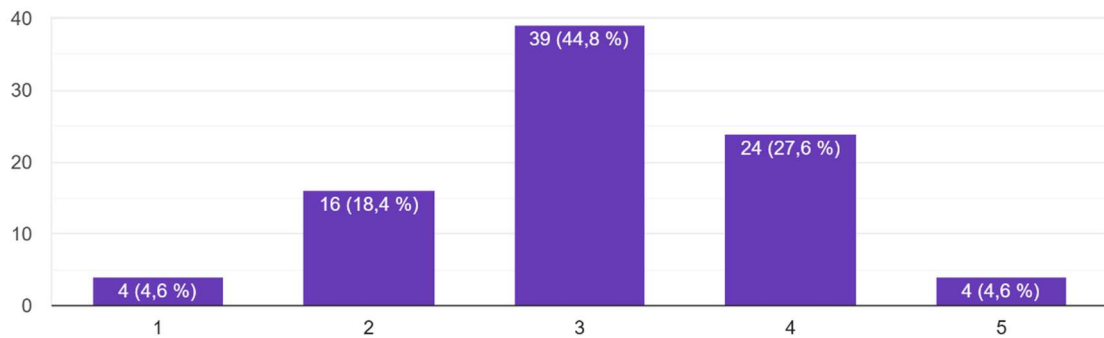


Figure 9: Finnish language level

6.3.10 Do you get any social support for renting or housing loans?

Most people said they do not get any support or help from the government. This shows that many are not relying on welfare or financial aid. They are trying to live on their own money. This is a good sign because it means they are working or managing by themselves. However, even though they are not getting support, many still live in rented homes instead of owning a house.

This could mean that they do not know enough about how to get a mortgage or buy a house. They might find it hard to understand how to apply for loans or what steps to take to buy a home. Sometimes, people also worry about spending too much money or taking big risks. So, even if they want to own a home, they might stay in rented places because it feels safer or easier. More information and advice about mortgages and buying homes could help these people feel ready to buy their own house.

Do you get any social support for your house renting or paying house loan
87 réponses

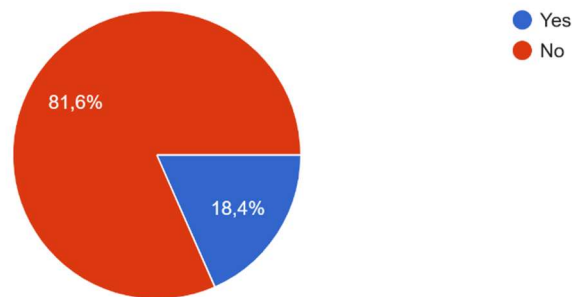


Figure 10: Who get social support for house rent or house loan

6.3.11 Do you have enough information about mortgage finance in Finland?

Most people in the survey said they want to learn more about mortgage-related topics like loan structure, interest rates, and what kind of guarantees are needed. Some people already have a good understanding, but a large number admitted they don't know much or are not interested right now. This shows that not everyone feels confident when it comes to dealing with mortgage and home loan information. Many may feel confused or unsure about how these things work in Finland.

The biggest trend from the answers is that most people want more information. They are not saying "no" to mortgages completely, they just want help understanding how everything works before making a big decision. This is very important because it shows that people are open to learning and possibly buying homes in the future. They just need someone to guide them and explain things in a clear and simple way.

This also shows that there is a knowledge gap when it comes to mortgage finance. People may be working and ready to buy a home, but without the right knowledge, they cannot take the next step. This lack of information is stopping many from owning a home. To help these people, there should be more education about mortgage rules, loan terms, and how to talk to banks. Giving clear and easy-to-understand support could help more people move from renting to owning their own homes.

Do you have enough information about mortgage finance in Finland

85 réponses

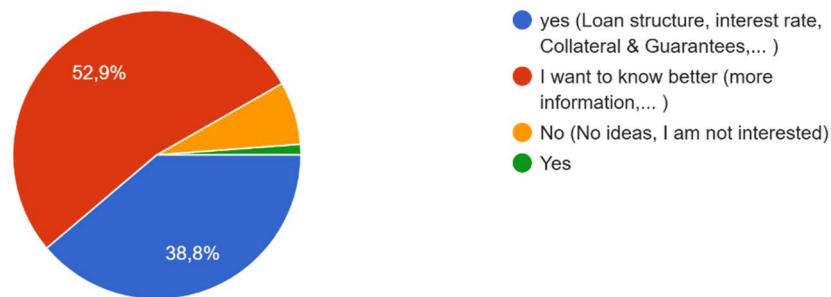


Figure 11: Information about mortgage finance in Finland

6.3.12 General Observations

The survey mostly included people who are of working age and have lived in Finland for a few years. These are adults who are likely to be working, raising families, or planning for their future. This group is important when talking about housing and mortgages because they are the ones most likely thinking about buying a home. They are settled enough to consider long-term plans but may still face challenges as they try to understand the Finnish housing market.

A lot of the people in the survey already own houses in their home countries, but fewer own property in Finland. This shows that even though they are living and working in Finland, they may not feel ready or able to invest in property there. This could be due to higher prices, complicated rules, or simply feeling unsure about whether it's the right time or place to buy. Many of them seem to find it easier or more comfortable to invest back home, where they understand the process better.

At the same time, many people said they want to buy a home in Finland. However, they haven't taken that step yet because they don't have enough information or support. Wanting to buy a home and actually doing it are two different things. People need help understanding loans, interest rates, and what documents are required. Without this knowledge, even those who are financially ready might avoid taking action, simply because it feels too risky or confusing.

The survey also shows that most people do not get much financial support from the government. They are mostly managing on their own. At the same time, there is a strong need for better information. Many respondents want to learn more about mortgages, housing rules, and how to qualify for a loan. This means that support programs, simple guides, or

community workshops could really help. Giving people clear, simple information can make a big difference and help more of them move from renting to owning their own homes in Finland.

6.4 Correlation Analysis and Discussion

This section presents and interprets the major correlations identified within the data, focusing on the relationships among variables that reflect economic behavior, social integration, and housing preferences among immigrants in Finland. The discussion builds upon three core findings from the correlation matrix.

Pearson's Correlation Coefficient (r) is a statistical measure that expresses the strength and direction of the linear relationship between two continuous variables (Sedgwick & Philip 2012).

The Pearson correlation coefficient (denoted as r) is a value between -1 and $+1$:

- $r = +1 \rightarrow$ perfect positive linear relationship
- $r = -1 \rightarrow$ perfect negative linear relationship
- $r = 0 \rightarrow$ no linear relationship

$$r = \frac{\sum_{i=1}^n (X_i - \bar{X})(Y_i - \bar{Y})}{\sqrt{\sum_{i=1}^n (X_i - \bar{X})^2} \cdot \sqrt{\sum_{i=1}^n (Y_i - \bar{Y})^2}}$$

Where:

- X_i, Y_i : data points variables X and Y
- \bar{X}, \bar{Y} : means of variables of X and Y
- n : number of paired observation
- r : Pearson correlation coefficient.

	Years_in_Finland	Household_Number	Own_House_Born_Country	Plan_Buy_Born_Country	Plan_Buy_Finland	Language_Level	Social_Support
Years_in_Finland	1.00	0.12	-0.08	0.21	0.18	0.45	-0.33
Household_Number	0.12	1.00	0.25	-0.05	-0.10	0.05	0.22
Own_House_Born_Country	-0.08	0.25	1.00	0.15	-0.30	-0.21	0.14
Plan_Buy_Born_Country	0.21	-0.05	0.15	1.00	0.40	0.17	-0.26
Plan_Buy_Finland	0.18	-0.10	-0.30	0.40	1.00	0.50	-0.12
Language_Level	0.45	0.05	-0.21	0.17	0.50	1.00	-0.35
Social_Support	-0.33	0.22	0.14	-0.26	-0.12	-0.35	1.00

6.4.1 Language Proficiency and Integration Outcomes

One of the strongest correlations observed in the matrix is between `Language_Level` and `Years_in_Finland` ($r \approx 0.45$), as well as between `Language_Level` and `Plan_Buy_Finland` ($r \approx 0.50$). These relationships offer key insights into the role of language acquisition in the integration trajectory of migrants.

The positive correlation between time spent in Finland and language proficiency is expected and aligns with numerous integration studies, which show that consistent exposure to a language and social environment improves fluency. However, what makes this finding significant is its linkage to economic intentions, specifically, housing investment behavior.

Migrants with stronger Finnish language skills are more likely to plan to buy a house in Finland, indicating a sense of permanence and long-term settlement. Language skills likely increase confidence in navigating the housing market, dealing with Finnish bureaucracy, and understanding mortgage terms. Language proficiency also typically correlates with better employment outcomes, which further enhances eligibility for mortgage loans and access to more stable housing.

This pattern reflects the positive cycle of integration: better language \rightarrow stronger social and economic integration \rightarrow increased commitment to Finland \rightarrow greater likelihood of making permanent investments like home ownership.

6.4.2 Transnational Ties and Competing Commitments

A noteworthy negative correlation was found between `Plan_Buy_Finland` and `Own_House_Born_Country` ($r \approx -0.30$). This suggests that respondents who already own a home in their country of origin are less likely to plan buying a house in Finland.

This finding aligns with transnational migration theory, which argues that many migrants maintain strong emotional, economic, and strategic ties to their home countries. Owning a house "back home" may signify the intention to return eventually, or at least to preserve a fallback option. In such cases, investing in property in Finland may be perceived as unnecessary, financially burdensome, or even disloyal to familial expectations.

This correlation also has implications for housing policy. For immigrants who already own a home abroad, Finnish housing incentives may have a limited impact unless they are coupled with broader strategies that address financial risk, long-term residency prospects, and dual-commitment lifestyles.

This finding indicates a tension between dual identities: some immigrants remain embedded in transnational networks that shape how they allocate financial resources, while others reorient their priorities toward long-term settlement in Finland.

6.4.3 Social Support, Household Size, and Language Barriers

Social support, particularly in the form of government assistance for housing, was found to be weakly positively correlated with Household_Number ($r \approx 0.22$) and negatively correlated with Language_Level ($r \approx -0.35$). These findings have several policy-relevant interpretations.

The positive link with Household_Number suggests that larger families or cohabiting groups may be more likely to qualify for or seek social assistance. This could be due to higher financial strain, limited earning capacity, or the presence of dependent children. In practical terms, housing costs for larger families are higher, making them more reliant on public aid—especially in the case of single-income or low-income households.

Conversely, the negative correlation with Language_Level suggests that those with poorer Finnish proficiency are more likely to receive social support. This may reflect limited labor market access, underemployment, or the inability to secure competitive wages. Language barriers can limit job opportunities, making it difficult to afford housing without support.

This correlation may also reflect a structural issue: migrants with low language proficiency may lack knowledge about financial tools like mortgages, and therefore disproportionately rely on rental subsidies or government programs. This is corroborated by other survey responses where participants indicate a lack of knowledge or interest in mortgage financing.

Taken together, this pattern suggests a vulnerability profile: migrants with limited Finnish skills, larger households, and no financial knowledge are more reliant on public assistance and less likely to participate in the private housing market. This creates a potential integration bottleneck, where structural disadvantages accumulate and become barriers to long-term independence.

6.4.4 Broader Implications for Housing Policy and Integration Programs

The correlations observed in this analysis reflect complex intersections between social integration (e.g., language proficiency, duration of stay), economic planning (e.g., housing ownership intentions), and institutional dependency (e.g., social support use).

Key takeaways for policymakers and integration service providers include:

Language training and housing knowledge workshops should be paired, as stronger Finnish skills are associated with greater confidence and willingness to invest in the local housing market.

Culturally sensitive financial education is needed for migrants with existing assets abroad. Rather than assuming a linear integration path, services should recognize the role of transnational financial strategies.

Targeted social support strategies may be necessary for large households or low-language-proficiency groups to transition from dependency to self-sufficiency.

By identifying these correlations and their real-world implications, we can begin to design evidence-based interventions that respond to the specific needs and aspirations of different migrant groups in Finland.

7 Discussions

The findings of this study reveal that foreign-background residents in Finland possess untapped potential to contribute significantly to the national economy, particularly through the housing market. Cultural values, financial behaviors, and demographic characteristics intersect to shape migrants' housing intentions, yet institutional and informational barriers often prevent these intentions from translating into action.

7.1 Cultural Values as Economic Catalysts

The high proportion of respondents expressing interest in purchasing property in Finland supports prior research indicating that homeownership is a deeply embedded cultural aspiration in many collectivist societies (Chiswick & Miller, 2005; Elsinga, 2007). For these communities, owning a home signifies stability, social status, and long-term integration. However, the continued prevalence of investments in property abroad—especially among those who already own a home in their country of origin—reflects the enduring influence of transnational ties (Osili & Paulson, 2008).

This dual commitment suggests that Finnish housing policy and financial institutions need to design offerings that address both emotional and financial considerations. By recognising overseas assets or financial histories as part of mortgage eligibility, Finnish banks could redirect investment flows into the domestic housing market, thereby capturing capital that currently exits the country.

7.2 Language Proficiency and Housing Market Participation

The strong correlation between Finnish language skills and the intention to purchase property in Finland reinforces the central role of language in integration (Alba & Logan, 1992). Proficiency enables migrants to navigate complex mortgage processes, understand contractual obligations, and build trust with financial institutions. Language skills also indirectly enhance mortgage eligibility by improving employment outcomes.

These findings indicate that integration strategies should pair language training with targeted housing and financial literacy modules. Such integrated programmes would not only facilitate better understanding of the mortgage system but also foster confidence in making significant long-term investments in Finland.

7.3 Financial Inclusion as a Market Opportunity

Despite many respondents being financially independent and gainfully employed, their underrepresentation in homeownership statistics points to systemic financial exclusion rather than a lack of capacity to buy. This mirrors trends in Sweden and Norway, where inclusive financial products and culturally adapted services have successfully increased migrant participation in the housing market (Andersson & Wadensjö, 2019).

In Finland, adopting similar measures, such as multilingual mortgage counselling, Sharia-compliant financing (Iqbal & Mirakhor, 2013), and alternative credit scoring methods, would remove barriers for eligible but underserved migrant clients. Such innovations represent not only a social integration measure but also a strategic growth opportunity for financial institutions.

7.4 Demographic Shifts and Housing Sustainability

Finland's declining birth rate and ageing population place pressure on both economic growth and housing market stability (Statistics Finland, 2023). Migrant communities, which often maintain larger household sizes and higher fertility rates (Goldscheider et al., 2013; Lesthaeghe, 2010), can help sustain demand for family-oriented housing stock.

As Mankiw & Weil (1989) demonstrate, demographic patterns directly influence housing cycles. Policies that facilitate migrant access to larger, multi-room dwellings could help stabilise the market and prevent underutilisation of existing housing infrastructure, particularly in suburban areas.

7.5 Intergenerational Birth Rate Patterns and Homeownership Culture

Survey data and national statistics consistently indicate that the birth rate among first-generation immigrants in Finland is higher than that of the native-born Finnish population (Statistics Finland, 2023; Malmberg & Zhang, 2019). This is also reflected in household size findings from this study, where foreign-born families more frequently reported larger households than their Finnish-born counterparts. The higher fertility rates of immigrant families thus provide a partial demographic counterbalance to Finland's declining natural growth rate.

While fertility rates among immigrant populations often converge toward host-country norms over time (Andersson, 2004), maintaining a “reasonable” family size culture into the second generation could help sustain a balanced age structure. If these households preserve a moderate preference for larger families, aligned with economic capacities, they can continue to drive demand for family-sized housing stock.

If the children of first-generation immigrants are raised in households that emphasise both family cohesion and property ownership, they may internalise these norms and carry them forward. Evidence from other OECD countries suggests that parental homeownership significantly increases the likelihood of homeownership among adult children, even after accounting for socio-economic factors (Di, 2007; Helderma & Mulder, 2007). Such intergenerational transmission ensures that housing demand is reinforced not only by economic need but also by cultural aspiration.

Over time, the combination of sustained moderate fertility and embedded ownership norms could form a stable consumer base for Finland’s housing market. Third-generation households, having inherited both property assets and the cultural value of ownership, would be well positioned to maintain housing market participation regardless of short-term economic shifts. This pattern aligns with literature on cultural persistence, which finds that values transmitted across generations can shape market outcomes over decades (Fernández & Fogli, 2009).

Policy interventions that encourage this trajectory, such as facilitating early homeownership, ensuring equitable access to credit, and planning urban environments with family housing in mind, could transform the demographic and cultural contributions of immigrant communities into a strategic asset for Finland’s long-term economic stability and housing market resilience.

8 Mortgage Market in Finland: Rent vs. Buy Analysis

Understanding the dynamics of Finland's mortgage market is essential to evaluating the feasibility of homeownership for migrants and its broader implications for housing policy. Finland maintains a well-regulated and transparent mortgage system, supported by competitive interest rates and long repayment periods, typically ranging between 20 and 30 years (Finanssiala, 2023; Bank of Finland, 2024). While homeownership has traditionally been considered a stable pathway to wealth accumulation, many migrants remain locked out of this opportunity due to institutional barriers. Comparing the costs of renting versus buying, especially in regions like Lappeenranta, can illuminate the potential for financially stable migrants to transition from tenants to homeowners, thereby contributing more fully to local economies and social cohesion (Statistics Finland, 2023; Oikotie, 2025).

8.1 Overview of the Finnish Mortgage Market

Finland's mortgage system is characterized by relative stability, high transparency, and tightly regulated financial practices. Home loans are generally issued by commercial banks or credit institutions, with interest rates that are either fixed or variable. The majority of Finnish mortgages are linked to the 12-month Euribor rate, with a bank-specific margin added on top (Finanssiala, 2023; Bank of Finland, 2024). Borrowers are usually required to make a down payment of 10–15% of the property's value, and repayment terms commonly range from 20 to 30 years. One of the strengths of the Finnish mortgage system is the allowance for early repayment without significant penalties, providing flexibility for borrowers to reduce debt ahead of schedule.

Although the regulatory environment and credit culture in Finland are favorable for most domestic borrowers, migrants often encounter structural and procedural barriers that limit their access to mortgages. One of the primary obstacles is the requirement for a Finnish credit history or verifiable domestic income, criteria that many migrants, especially recent arrivals or self-employed individuals, may struggle to meet. Moreover, the evaluation of financial reliability by banks tends to exclude foreign assets, overseas employment records, or rental payment histories, which results in the underestimation of migrants' financial capacity (OECD, 2022; Ministry of Economic Affairs and Employment, 2023).

A further issue is the lack of accessible information and advisory services related to the mortgage application process, particularly in languages other than Finnish or Swedish.

Many migrants are unaware of their eligibility, the required documentation, or the steps involved in securing home financing. In addition, complex financial terminology, cultural differences in property acquisition norms, and the absence of tailored financial guidance contribute to a broader sense of exclusion from the housing market (Sutela & Larja, 2021). This knowledge gap reinforces a cycle where migrants, even when financially capable, default to renting, often for many years longer than their Finnish counterparts.

From a policy standpoint, this limited access to homeownership has broader implications. Housing is not only a financial investment but also a marker of social integration and long-term commitment to place. When migrants are excluded from ownership, it affects their sense of stability, place-making, and participation in community development (Saukkonen, 2021). It also deprives local economies of the benefits of increased real estate demand, long-term residential settlement, and wealth-building through property equity.

Thus, addressing these structural inequalities requires a multifaceted approach: improving credit evaluation frameworks to include international financial backgrounds, offering multilingual mortgage literacy programs, and standardizing bank practices to reduce subjectivity in assessing migrant applications. Doing so would not only align with Finland's broader integration goals but also support demographic sustainability and regional economic growth through inclusive housing policies.

8.2 Rent vs. Buy Comparison

From a financial perspective, buying a home can often prove to be more economical than renting, especially in small- and mid-sized cities such as Lappeenranta. While renting offers flexibility and low entry barriers, it rarely contributes to long-term wealth accumulation. In contrast, mortgage payments build equity over time, potentially offering a more financially sustainable solution for residents with stable incomes. This is particularly relevant for migrant populations, who, despite facing systemic barriers, may already be paying high market rents without receiving any public housing support.

A comparative cost analysis between renting and buying in the Skinnarila district of Lappeenranta (postal code 53850) illustrates this disparity. As of 2025, one-bedroom rental apartments in the area are listed between €485 and €605 per month (Oikotie, 2025). These rates reflect market conditions typical of university-adjacent neighbourhoods, where student and young professional demand keeps rental prices relatively high. Despite this, the cost of financing an equivalent owner-occupied apartment is often lower than renting.

Consider the following mortgage scenario: purchasing a one-bedroom apartment at a market value of €90,000. With a down payment of 10% (€9,000), the borrower would finance €81,000 through a 25-year mortgage at an interest rate of 3.5%. It is important to note that the interest rate and other parameters used in this example are assumed average values for illustrative purposes. In practice, these factors may vary significantly over time, depending on market conditions, lender policies, and borrower-specific circumstances, which would affect both monthly repayments and total cost of the mortgage.

The resulting monthly mortgage payment would be approximately €406, based on standard annuity loan formulas. This is significantly less than the average rental cost in the same neighbourhood, potentially offering monthly savings of €80–€200 depending on the property.

Example Calculation:

- Property Value: €90,000
- Down Payment (10%): €9,000
- Loan Amount: €81,000
- Interest Rate: 3.5% annually (may vary)
- Loan Term: 25 years
- Monthly Mortgage Payment: ≈ €406

This comparison challenges the prevailing assumption that homeownership is financially out of reach for migrant populations. In fact, many immigrants, especially those not relying on social housing or subsidies, already demonstrate the financial capacity to meet monthly housing costs at or above this level. Yet they remain tenants due to barriers related to credit history, lack of awareness, or discriminatory lending criteria.

Furthermore, the affordability of ownership becomes even more apparent when considering properties located in satellite towns or urban peripheries within a 30-minute commute from city centre. In such locations, property values may be even lower, while access to services and employment remains reasonable. This opens a window of opportunity for financial institutions and housing policy makers to promote targeted homeownership support among migrant communities, especially for those with consistent rent payment records.

In conclusion, while upfront barriers such as down payments and documentation exist, the financial logic strongly favors ownership for many working migrants in Finland. Recognizing this potential, and implementing inclusive lending practices, would not only foster financial stability for immigrants but also stimulate local housing markets and support national demographic sustainability.

8.3 Implications for Migrant Housing Access

The implications of these figures are significant for policymakers, lenders, and integration stakeholders. For renters, particularly those who do not get the social housing subsidies, homeownership represents not only a pathway to building personal wealth but also a long-term strategy for financial stability (Andrew & Meen, 2019). By shifting from rent payments, which contribute solely to a landlord's income, to mortgage repayments that gradually increase personal equity, households can secure an appreciating asset while reducing their housing costs over time. In the Finnish context, where mortgage interest rates remain comparatively low and repayment flexibility is high (Finanssiala, 2023), the transition from renting to owning could be financially advantageous for a significant portion of the migrant population.

From a macroeconomic perspective, increased migrant participation in the housing market has the potential to strengthen local economies. Homeownership is associated with higher levels of civic engagement, neighbourhood stability, and household spending on home improvements, all of which stimulate local economic activity (Dietz & Haurin, 2003). In regions such as Lappeenranta, where urban development strategies aim to balance population growth with sustainable land use (City of Lappeenranta, 2024), expanding ownership among migrants could help to revitalize underutilized housing stock, support local service providers, and generate additional municipal tax revenue. This, in turn, could reduce the pressure on rental markets, potentially stabilizing rent levels for remaining tenants.

However, realizing these benefits requires targeted interventions to address the structural barriers migrants face in accessing mortgage finance. Many of these barriers stem from opaque qualification criteria, insufficient recognition of international credit histories, and limited access to reliable financial information in languages other than Finnish or Swedish (OECD, 2022). Introducing multilingual mortgage advisory services, both in-person and online, would provide clearer guidance on the steps required to qualify for home loans, while also dispelling misconceptions about eligibility and affordability.

Furthermore, lenders could play a transformative role by adopting more inclusive risk assessment models that account for alternative indicators of creditworthiness, such as verified rent payment histories, overseas asset ownership, and long-term savings patterns (World Bank, 2020). By moving beyond the exclusive reliance on domestic credit scores and formal Finnish employment records, financial institutions could open mortgage access to a broader demographic without significantly increasing default risk.

Without such reforms, the divide between those who rent and those who own will persist, reinforcing socioeconomic inequalities and perpetuating a cycle in which migrants contribute to local economies only as tenants rather than as fully invested stakeholders in the housing market. Bridging this gap is not simply a matter of financial inclusion, it is a question of social cohesion, economic resilience, and demographic sustainability in Finland's evolving urban landscape.

8.4 Homeownership as an Investment Opportunity

Beyond serving as a primary residence, homeownership in Finland can also function as a viable investment strategy. In such cases, an owner can purchase a property, rent it to tenants, and use the rental income to cover the mortgage repayments and associated service charges (*hoitovastike*), potentially generating a surplus each month. Over time, this arrangement can yield both ongoing cash flow and long-term capital gains when the property is sold.

Example Scenario:

Consider a one-bedroom apartment in the Skinnarila district of Lappeenranta valued at €90,000. With a 10% down payment (€9,000) and a 25-year mortgage at 3.5% interest, the monthly loan repayment would be approximately €406. If the building's monthly maintenance fee (*hoitovastike*) is €140, the total monthly cost to the owner would be around €546.

Market data from Oikotie.fi (2025) shows that comparable one-bedroom apartments in the same area rent for €580–€620 per month. Using a conservative estimate of €600 in rental income, the property would generate a net positive cash flow of approximately €54 per month after covering both the mortgage and service fee. Over a year, this equates to €648 in surplus income, excluding tax considerations.

Furthermore, the tenant is effectively repaying the mortgage capital on behalf of the owner. After 25 years, the owner would hold a fully paid-off property, which, assuming even modest appreciation in value, could be sold at a profit. For example, if the property appreciates at an average rate of 2% annually, the apartment could be worth approximately €147,700 after 25 years, representing a substantial capital gain on the original purchase price (Statistics Finland, 2024). In such a scenario, the investor has benefited from steady rental income, long-term equity building, and eventual asset liquidation, all while contributing minimal personal funds beyond the initial down payment.

This investment model is particularly attractive in the Finnish context due to the country's low mortgage default rates, transparent property market, and relatively strong legal protections for landlords (Finanssiala, 2023). However, potential investors must also consider vacancy risks, maintenance costs beyond the hoitovastike (e.g., renovations), and taxation on rental income (Finnish Tax Administration, 2024).

From a policy perspective, facilitating access to mortgage financing for financially capable migrants could enable them to participate in this form of wealth-building, diversifying their economic role from tenants to active contributors in the housing market. Such participation would not only benefit the individual investor but also expand the supply of rental housing, potentially stabilizing rent levels in high-demand areas.

9 Conclusion

This study set out to examine the extent to which the cultural values of foreign-background residents can be leveraged to strengthen Finland's economy through homeownership, financial inclusion, and demographic resilience. Guided by four research questions, the analysis confirms that migrants represent a financially capable yet underutilised segment of the housing market. Their limited participation is shaped less by economic incapacity than by institutional rigidity, knowledge gaps, and sustained transnational commitments.

9.1 How do foreign cultural values influence homeownership behaviour in Finland?

Survey findings confirm that cultural norms play a decisive role in shaping homeownership behaviour among foreign-background populations in Finland. In many collectivist cultures, purchasing a home represents not merely a financial investment but a rite of passage into social adulthood, a demonstration of stability, and a means of fulfilling perceived obligations toward family members (Chiswick & Miller, 2005; Elsinga, 2007). For many respondents, owning a home was described as a moral responsibility and a tangible contribution to family security, resonating with intergenerational traditions in their countries of origin.

However, the data also reveal that these values are not always directed exclusively toward property acquisition within Finland. A notable share of respondents reported either maintaining ownership of property abroad or planning to invest in housing in their country of origin. This pattern reflects a broader trend in transnational migration, where property in the homeland functions as both a secure asset and a status symbol within extended family and diaspora networks (Osili & Paulson, 2008; Levitt & Glick Schiller, 2004). For some, this dual investment strategy is motivated by a desire to preserve cultural identity and ensure a potential "return option" in the future (Carling & Pettersen, 2014).

These transnational priorities can have a complex impact on the Finnish housing market. On the one hand, strong cultural attachment to homeownership can encourage purchase intentions in Finland, particularly for migrants who plan to settle long-term and raise families. On the other hand, diverting significant savings to property abroad may delay or reduce local property purchases, especially among recent arrivals still navigating employment and financial integration (Dustmann & Mestres, 2010). This duality means cultural values can act as both catalysts and constraints depending on the migrant's settlement trajectory, financial capacity, and emotional ties to their origin country.

The role of remittances and overseas investments is also relevant here. Literature on migrant financial behaviour suggests that prioritising investments abroad is not solely a matter of nostalgia but can also reflect strategic asset diversification, currency hedging, and perceived differences in return on investment (Collier et al., 2013). This implies that Finnish policymakers and financial institutions seeking to boost local homeownership rates among migrants must account for these competing priorities. Offering tailored financial products, such as mortgages that acknowledge overseas assets or flexible repayment schemes that accommodate remittance obligations, could better align with the lived realities of transnational households.

Ultimately, foreign cultural values shape homeownership in Finland through a blend of aspirations, obligations, and strategic considerations. Recognising and engaging with these motivations can enable more inclusive housing policies and banking strategies, transforming cultural diversity into a driver of housing market participation rather than a barrier.

9.2 What financial strategies can banks implement to attract foreign-background customers?

The findings of this study underscore the importance of inclusive financial practices that accommodate the diverse financial circumstances and credit profiles of migrant communities in Finland. Current mortgage assessment frameworks in Finnish banks rely heavily on domestic credit histories and Finnish-based income records, criteria that inadvertently exclude many otherwise creditworthy applicants who may have substantial overseas assets, savings, or stable income streams (Andersson & Wadensjö, 2019). Such exclusionary effects are particularly pronounced for recent arrivals, who often lack the time required to establish a domestic credit record despite having strong repayment capacity.

International experiences from Sweden and Norway demonstrate the benefits of introducing more flexible credit assessment models. These may include recognising foreign credit histories, factoring in overseas property ownership, and accepting alternative documentation of financial stability such as verified employment contracts or bank statements from internationally recognised institutions (Andersson & Wadensjö, 2019; OECD, 2020). Furthermore, targeted mortgage products designed for specific cultural or religious needs, such as Sharia-compliant home financing, can open access to segments of the population that are underserved by conventional loan structures (Iqbal & Mirakhor, 2013).

Complementary measures can further enhance accessibility and trust. Multilingual mortgage counselling, whether delivered in-person or via video consultations, can address both

language barriers and knowledge gaps in navigating Finland's housing finance system (Xu, 2018). In addition, culturally responsive digital tools, such as mobile banking applications offering language options and explanatory features tailored to different cultural norms, can strengthen financial engagement, especially among younger and more tech-savvy segments of migrant populations (Demirgüç-Kunt et al., 2018).

Finally, financial institutions can improve long-term customer retention by fostering community partnerships. Collaborations with migrant associations, local integration programmes, and municipal housing services can provide a dual channel for outreach: promoting financial products while signalling institutional commitment to inclusion. Evidence from the UK and Canada suggests that such partnerships not only expand market reach but also enhance perceptions of fairness and reliability among immigrant customers (Cheung & Phillimore, 2014; Fuller, 2019).

9.3 To what extent can the cultural emphasis on large families among foreign-background populations help address Finland's declining birth rate?

The cultural emphasis on larger families within many migrant communities represents a potential demographic counterbalance to Finland's persistently low fertility rate and ageing population structure. Statistical data indicate that first-generation migrants in Finland frequently sustain fertility levels above the national average, reflecting norms and expectations rooted in their countries of origin (Goldscheider et al., 2013; Lesthaeghe, 2010). This trend is also evident in the survey results from this study, which show that respondents from foreign-background households more often reported three or more children, compared to the dominant Finnish pattern of one or two children.

Such fertility patterns have direct socio-economic implications. Larger household sizes contribute to stabilising school enrolments in areas where declining pupil numbers have threatened the viability of educational institutions (Saarela & Finnäs, 2014). They also help maintain demand for local services, particularly in smaller municipalities experiencing population decline, thereby sustaining local economies and mitigating the fiscal pressures caused by shrinking tax bases (Tervo, 2018). In the longer term, these demographic contributions support labour market renewal by increasing the proportion of working-age individuals relative to retirees, alleviating some of the strain on social welfare systems.

However, the persistence of higher fertility rates across generations is not guaranteed. Fertility convergence, where the birth rates of migrants approach those of the host population

over time, is a well-documented phenomenon in Europe (Kulu et al., 2019). Without supportive policy frameworks, the cultural propensity for larger families among foreign-background populations is likely to diminish within one or two generations. To retain this demographic advantage, targeted measures are necessary, including the provision of affordable multi-room housing, scaled family subsidies that reflect household size, and childcare services designed with cultural sensitivities in mind (Puur et al., 2018).

Beyond economic and demographic factors, the sustainability of larger family sizes also depends on social integration and perceptions of belonging. Research has shown that migrants' reproductive decisions are influenced by their sense of long-term security and acceptance within the host society (Adsera & Ferrer, 2015). Policies that combine economic support with inclusive societal narratives can create conditions in which larger families are both culturally valued and materially viable. In this sense, recognising the demographic contribution of migrant families is not simply a matter of population policy but an integrated approach to social cohesion and economic planning.

9.4 How does the birth rate affect house accommodation demand?

Consistent with Mankiw and Weil's (1989) housing demand model, demographic shifts exert a significant influence on both the quantity and typology of housing required. Finland's declining birth rate and ageing population reduce demand for larger homes, creating oversupply risks in some suburban and rural areas (Kujala, 2020).

Survey findings reinforce this dynamic: a substantial proportion of Finnish-born respondents expressed a preference for smaller, low-maintenance dwellings, aligning with the trend toward urban downsizing. In contrast, many foreign-born respondents, particularly those with young families, indicated a preference for multi-room dwellings with access to green spaces. This divergence suggests that migrant households can play a stabilising role in housing markets affected by population ageing.

By maintaining occupancy levels in family-sized homes, migrant families can help sustain property values and mitigate the negative spillovers of an oversupply. Moreover, the survey indicated that respondents in this group often viewed homeownership not merely as shelter but as an intergenerational asset, increasing their willingness to invest in the housing market. Facilitating their access to suitable housing, through financial inclusion measures, targeted housing policy, and integration of cultural preferences into urban planning—could sustain demand, support the construction sector, and counteract the demographic drag on economic growth.

9.5 Overall synthesis

This research underscores that migrants' cultural values, demographic patterns, and financial capacity position them as key stakeholders in sustaining Finland's housing market and economic vitality. Realising this potential requires systemic reforms in mortgage accessibility, the integration of language and housing literacy into settlement programmes, and the development of family-oriented housing policies. Without such measures, Finland risks losing both capital and demographic vitality to migrants' countries of origin.

By addressing the barriers identified in this study, policymakers, financial institutions, and integration stakeholders can align economic, housing, and demographic objectives in a manner that leverages the strengths of Finland's increasingly diverse population. The findings contribute not only to academic discourse on migration, housing, and financial inclusion but also to the design of actionable strategies that support both migrant integration and national resilience.

10 Recommendations

Drawing on the empirical findings and synthesis presented in the preceding conclusion, this section outlines targeted, evidence-based recommendations for policymakers, financial institutions, and integration stakeholders. The proposals aim to address the structural, informational, and cultural barriers identified in this study, while simultaneously leveraging the economic and demographic potential of Finland's migrant population. Implementing these measures could facilitate greater financial inclusion, strengthen the housing market, and enhance Finland's demographic resilience.

10.1 Integrate Language and Housing Literacy

Develop integrated training programmes that combine Finnish language instruction with specialised modules on mortgage processes, property law, and financial planning. Such curricula should extend beyond conversational proficiency to include domain-specific terminology and practical exercises—such as simulating mortgage applications or interpreting purchase agreements. Delivery could be coordinated between municipal integration services, financial institutions, and adult education centres to ensure accessibility and relevance. This integrated approach would simultaneously enhance migrants' linguistic competence and financial confidence, thereby facilitating more active participation in the housing market.

10.2 Adopt Inclusive Financial Products

Encourage Finnish banks to broaden mortgage eligibility criteria by recognising overseas assets, rental payment histories, and alternative credit data. Many migrants possess substantial financial resources or property abroad that remain unacknowledged under current assessment frameworks. Partnerships with international banks or the development of verification tools for foreign financial documentation could bridge this gap. Additionally, introducing culturally adapted financing options—such as Sharia-compliant home loans—would cater to customers whose religious or cultural principles preclude the use of conventional interest-based products. These measures would both expand the customer base and retain capital that might otherwise be invested outside Finland.

10.3 Target Investment Incentives to Redirect Capital Flows

Implement fiscal incentives to make property investment in Finland more attractive to migrants than equivalent investments abroad. Potential measures include reduced property transfer taxes, preferential interest rates for first-time migrant buyers, or partial government-backed mortgage guarantees. Given the survey finding that a significant share of respondents intend to build or purchase homes in their countries of origin, competitive domestic incentives could redirect these capital flows into Finland, stimulating the construction sector, increasing municipal tax revenues, and contributing to regional development in areas experiencing population decline.

10.4 Support Family-Oriented Housing Policies

Design housing policies that respond to the needs of larger households, which are more common among migrant families. This may involve subsidising the purchase or rental of multi-room dwellings, reintroducing or expanding state-backed housing loan guarantees for families with three or more children, or offering property tax reductions for larger homes occupied by families. Such measures would not only improve housing access for migrant households but also support Finland's broader demographic objectives by enabling family stability, sustaining school enrolments, and bolstering community vitality in both urban and rural contexts.

10.5 Enhance Digital and Multilingual Access

Ensure that mortgage portals, banking applications, and property listing platforms incorporate multilingual interfaces and culturally responsive design features. Beyond basic translation, digital services should reflect culturally diverse decision-making processes, document requirements, and family involvement norms. Financial institutions could also integrate AI-powered multilingual chatbots and secure document submission tools capable of processing foreign financial statements. Enhancing the usability and inclusiveness of digital platforms would remove significant access barriers for first-generation migrants and increase transparency in the property acquisition process.

10.6 Conduct Ongoing Monitoring and Research

Establish longitudinal monitoring systems to track migrant housing trajectories, integrating this data into national housing, integration, and demographic policy planning. Current statistical approaches in Finland tend to prioritise short-term integration metrics, such as employment rates, while giving less attention to long-term asset accumulation, including homeownership. A collaborative framework between Statistics Finland, universities, and financial institutions could produce high-quality datasets to inform adaptive policy design, forecast housing demand by demographic group, and pre-empt emerging market inefficiencies.

10.7 Incorporate Artificial Intelligence to Enhance Migrant Financial Inclusion

To modernize and democratize access to housing finance, Finland should strategically integrate Artificial Intelligence (AI) into credit assessment and housing service delivery. AI-driven credit models, when ethically deployed, can process alternative financial data such as international income, remittance behavior, rental payment history, and utility bills, which are often overlooked in traditional lending systems. This approach can significantly improve credit access for migrants with limited domestic credit footprints. Furthermore, AI can be used to personalize financial literacy tools, translate complex mortgage information into multiple languages, and enhance fraud detection without creating discriminatory biases. Embedding AI into housing and banking ecosystems can thus serve as both a technological and social innovation, enabling more equitable pathways to homeownership for migrant populations.

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Homeownership behaviour

I am currently writing my master's thesis titled:

"Leveraging Foreigners' Cultural Values to Boost Finland's Economy: A Multidimensional Study of Homeownership, Financial Inclusion, and Demographic Shifts."

I would greatly appreciate your input—it will only take less than one minute of your time.

Thank you very much in advance for your support!

All these data are collected and will be used *anonymously*.

For any question do not hesitate to contact iwegeme@gmail.com (+358452229636).

Best regards,

* Indicates required question

1. *Mark only one oval.*

Option 1

2. Your age (number)

3. How long have you been in Finland (year) *

4. Your situation *

Mark only one oval.

- Working (entrepreneur)
- Studying
- Retired
- Unemployed
- I do not want to say

5. In which house do you live *

Mark only one oval.

- Renting house
- Owned house

6. How many do you live together in the same house in Finland (Household number) *

7. Do you own a house in you born country

Mark only one oval.

- Yes
- No

8. Are you planning to build or to buy a house in your born country

Mark only one oval.

- Yes
- No
- I do not want to say

9. Do you want or plan to get house in Finland

Mark only one oval.

- Yes
- No
- I do not want to say

10. What is your Finnish language level (2= basic level, 3= intermediate level , 4=professional level, 5= native)

1	2	3	4	5
<hr/>				
☆	☆	☆	☆	☆
<hr/>				

11. Do you get any social support for your house renting or paying house loan

Mark only one oval.

- Yes
- No

12. Do you have enough information about mortgage finance in Finland

Mark only one oval.

- yes (Loan structure, interest rate, Collateral & Guarantees,...)
- I want to know better (more information,...)
- No (No ideas, I am not interested)