A Guide for Non-profit Organizations
Seeking to Connect Immigrant Communities
with Mainstream Financial Institutions

A collaboration of Nebraska Appleseed, Texas Appleseed
and the Appleseed Foundation

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I. INTRODUCTION

Low wage immigrant workers across the United States have financial resources yet face a variety of barriers to accessing traditional financial services. Latino immigrants without bank or credit union accounts face financial exploitation when they cash their paychecks at check cashers, use pay day lenders that charge exorbitant fees, and pay unnecessary costs for money transfer services. Additionally, recent immigrants are particularly susceptible to criminal victimization when they carry large amounts of cash on their person or save cash in their homes.

Lack of access to traditional financial institutions and services hampers the capacity of our nation’s newcomers to fully integrate into and contribute to their new communities. It also limits their ability to build assets and credit histories that would allow them to pursue the American dream of buying a home, starting a small business, or pursuing higher education. In town after town across the United States, these newcomers represent an important part of the future, yet remain outside the financial mainstream.

In response to these issues Nebraska Appleseed and Texas Appleseed launched an initiative to work to improve the access of immigrant communities to financial institutions and fairly priced credit to ensure that this population can more completely integrate into their new communities. Our initiative coincided with the expanded acceptance of the matrícula consular card\(^1\) in the banking and credit union communities.

Building on the momentum created by the growing acceptance of the matrícula consular, leaders within traditional financial institutions have been exploring new ways to serve immigrants more effectively. This trend has created expanded opportunities for recent immigrants to access mainstream financial services. Though financial institutions continue to grapple with real and perceived legal constraints concerning acceptable identification and other obstacles to serving foreign nationals, the general trend is moving in a positive direction toward bringing immigrants into the financial service mainstream.

National studies indicate that approximately 10% of households are “unbanked” and approximately 60% of these households are minority and immigrant. Check cashers alone generate $60 billion per year primarily from this demographic. It is estimated that Mexican immigrants will remit more than $14 billion this year alone back to their families in Mexico. These numbers cannot easily be ignored.

Large and small mainstream financial institutions can provide newcomers with financial services that are cheaper and more secure than fringe financial services. They are recognizing the potential profitability of this growing population and as a result are becoming more receptive to innovation in product development and consumer relations. Many of the larger financial institutions have divisions solely focused on marketing to lower income Latino and Latino...

\(^1\) The matrícula consular is an identification card issued by Mexican Consulates in the United States and internationally.
immigrant populations. There is an acknowledgement of both the current and future profit potential of these communities. Independent banks and credit unions have also launched efforts to reach out to this population, both individually and through their trade associations.

A logical question arises: If financial institutions are already interested in serving the Latino immigrant market, then what role can my organization play in this process? Non-profit organizations and other service providers that have a history of working with and advocating on behalf of immigrant communities have a vital role to play in this process. It is important to have concerted leadership grounded in the needs of immigrant and minority customers and a focus on making sure these efforts are actually reaching the relevant communities. Without such leadership, scattered initiatives may mean that many immigrants continue to have poor access – or no access at all – to mainstream financial institutions.

Our work has identified four important roles for non-profits to play in this arena:

1. Advocating for bank and credit union products and policies that ensure immigrant consumers who utilize accounts do not end up with the same high fees they experienced in the fringe financial services sector;

2. Providing local financial institutions with specific market and demographic information about the needs of the immigrant community as well as model services and products being used elsewhere to effectively serve the immigrant and unbanked communities;

3. Developing policy solutions to mitigate legal or policy barriers that hinder the new immigrant community from fully utilizing traditional financial institutions; and

4. Monitoring financial service options to make sure that they continue to meet the needs of and are fair to immigrants.

The following sections are meant to provide practical tips, information, and guidance to non-profits that are seeking to expand access to traditional financial institutions for the immigrant communities that they serve.
II. AN OVERVIEW OF PRODUCTS, SERVICES AND APPROACHES

To understand the products and services that traditional financial institutions provide, Texas Appleseed and Nebraska Appleseed surveyed financial institutions in our respective states. We found that the survey information helped us to pinpoint issues that were most in need of our attention. It also helped us to define our approach to financial institutions and added to our understanding of the financial service products available in our local markets. As a first step, we recommend that non-profits launch similar surveys, statewide or in the region or community that the organization serves.

The survey is a great way for you to initially contact members of the banking and credit union community and begin to build relationships. If possible, try to encourage local media to run a story about your new project and goals that mentions this survey. Public attention to your project will be helpful to your overall efforts and will help you secure a better response rate from the banks and credit unions.

Tips on How to Design a Successful Survey

Carrying out a survey can be as simple as using the Internet or telephone to contact a few financial institutions in your area and learn about their account offerings and policies. Or, you might choose to carry out a more thorough survey; neither approach needs to be complicated. The following list provides some tips that will help you in the process.

- Include a short cover letter introducing yourself and your organization and briefly explain your project and why you are seeking this information;

- When designing your questionnaire, utilize models developed by other organizations (please see the Nebraska Appleseed questionnaire in the Resource Guide section of this document) and tailor them to fit the specific objectives of your organization or the needs of the immigrant community that you serve;

- Set up a meeting with a member of the financial institution community or a trade association in your area to brainstorm additional questions or ways to collect information. Having these peers advise or even assist your efforts can be a boost to your credibility and help overcome suspicions and increase responses;

- Contact the Community Affairs representative in the Federal Deposit Insurance Corporation (FDIC) regional office assigned to your area or the banking or credit union association in your state to find the best way to compile a list of contact information for financial institutions you wish to survey. Contacting these offices early in the process can also help you learn more about the lay of the land in your area before you begin contacting individual banks and credit unions and can help shape your survey questions;
• It is most effective to create a mailing list that includes not only the institutions and their addresses but also the specific contact person to whom the survey should be addressed. This is well worth the effort and staff time it takes to call each bank or credit union in advance, as it has been our experience that this improves the response rate and immediately begins developing relationships that will be useful in later stages;

• Set a timeline for responses and let those being surveyed know that you will do follow up calls if you do not receive a response from them in the specified time;

• Include a self-addressed stamped envelope to increase your response rate or, if that is too cost prohibitive, explain that responses can be faxed or emailed back to you; and

• Create a spreadsheet, database, or other information-gathering tool to compile and analyze the information you receive.

Interesting Trends and Products Identified Through Our Initial Surveys

• Matrícula consular cards, other foreign identification cards, utility bills, other alternative forms of identification, and Individual Tax Identification Numbers (ITINs) are now accepted by many of the national banks and a growing number of independent banks and credit unions on the state level. However, other financial institutions may need additional information or reassurances about what form of identification they can use to open accounts for recent immigrants;

• Many financial institutions offer accounts that are accessible to recent immigrants who do not have much money to deposit;

• There is a growing number of savings account offerings with low minimum balance requirements ($100 or less) or accounts that charge no fees as long as $10 to $25 is deposited monthly;

• For immigrants who want a safe place to keep their money but don’t have a Social Security number or ITIN, some financial institutions now offer no-interest savings accounts. Others address the issue by opening checking accounts without issuing checks for those who want a safe place to save money and aren’t yet familiar or comfortable with the idea of using checks;

• Safety deposit boxes are generally available for a small fee to almost anyone and might be an option for consumers looking for a secure place to keep their money but who are unable to access an account of any kind;

• Financial institutions are increasingly looking to enter the international money transfer market, particularly sending money to Mexico, and are eager to discuss avenues into this market;
• Many banks and credit unions that have products and policies in place specifically designed to serve this community are looking for assistance with how to reach and build trust with the immigrant population;

• Banks and credit unions located in areas where there is a significant population of immigrants are often willing to assist your efforts and offer products and services attractive and beneficial to this community;

• Many local banks and credit unions do not view serving immigrant communities only as a profit source. Smaller local financial institutions are generally interested in serving the entirety of their community and recognize the civic importance of increasing newcomers’ access to their services; and

• While many financial institutions in areas with new immigrant populations are very interested in developing products and services for new clientele, there is a wide range in institutions’ understanding of all of the issues (ITIN, matrícula consular, barriers to access, products developed to date, etc.). This may require that you begin the conversation in different places accordingly.

Key Consumer Issues

The trends we discovered should provide insight for your organization as it begins to develop similar projects designed to serve immigrant populations. However, we would caution that it is important for non-profits and community organizations interested in pursuing this work to protect their clients by addressing both the risks and benefits of greater access to traditional financial services and products. As you conduct outreach or partner with financial institutions to better serve your clients, it is important that you protect your role. Be careful to avoid simply serving a financial institution’s greater marketing scheme or inadvertently being perceived as favoring certain institutions over others.

Here are some important issues to remember in working to protect consumers’ interests:

• Service fees for low or no monthly fee accounts, including overdraft, overdraft protection, and non-sufficient funds fees, can be a problem because there is no cushion of extra funds in the account. These accounts can be expensive for inexperienced users, and may drive new users out of the mainstream financial service system for good.

• As people who are new to the United States financial services system become more integrated, they may inadvertently fall into financial trouble as a result of not knowing how to correctly use the high interest credit cards that are aggressively marketed to the lower income individuals and those with a limited or non-existent credit history.

• As more home mortgage lending options become available to recent and undocumented immigrants, they may fall prey to problems pervasive in the lower income market:
poorly built overpriced homes and unreasonably high interest rates and fees. Additionally, loans that have adjustable rates, balloon mortgages, or other potentially predatory terms – often marketed to this population – can be dangerous for those who do not fully understand them.

- Cultural differences, a history of corruption and instability among traditional financial institutions in their home countries, and a fear of immigration consequences may cause some immigrant consumers to be wary of utilizing financial institution products and services.

- Most financial institution personnel and non-profit representatives would likely agree on the importance of providing new consumers information about financial management, but many informational materials created by financial institutions tend to take a marketing slant. Your organization can add value by keeping a watchful eye to include consumer warnings in informational materials and educational initiatives.

- In larger communities with multiple bank and credit union options, it may be better to partner with more than one financial institution for community education or outreach. Consider developing a system to rotate in staff from a variety of financial institutions so that your non-profit is not recommending only one business to the community.

- Make use of the consumer pamphlets and informational brochures on predatory lending and other financial issues (many in Spanish) available on the Internet and elsewhere. (See the Resource Guide at the end of this report. Some of the websites listed have educational pamphlets. See also the series of financial education pamphlets developed by the The Appleseed Foundation and local Appleseed Centers.)

- Undocumented immigrants face additional real and perceived risks in entering the financial system. It is important to consider and address this in your financial education and advocacy efforts. Many of the available Spanish-language materials do not. (As of the Spring of 2004, for example, there are questions about the confidentiality of ITIN applicants’ information. Until assurance is given from the very highest levels of the Treasury and the IRS that ITIN information will not be shared with immigration authorities, national advocacy organizations are advising that immigrants must be advised of the risks of applying for an ITIN.)

Financial Education Is Central to Your Strategy

These issues point to a major need in the immigrant and low-income Latino communities: financial education. Bridging the gap between financial institutions and consumers requires basic financial education, which is an issue that non-profits and community organizations are particularly well suited to address. Immigrant consumers new to using financial institutions need a basic level of financial literacy in order to use accounts responsibly and make the most of newly accessible financial products and services.
It is a good idea to learn about other non-profit or governmental agencies that are already providing free and reputable financial literacy education classes. Contact them and see if there are ways to work together. If none are available in your area, there are a variety of free curricula and other resources available that you can access to fill this need. For example, Nebraska Appleseed chose to use the “Money Smart” curriculum created by the FDIC for its financial education work. “Money Smart” was a good choice for Nebraska Appleseed because it is free, easy to use, available in Spanish and English, and other groups in Nebraska were already using it. The FDIC also has made a commitment to distribute the curriculum, provide training for trainers, and keep it updated.

Banks, credit unions, and their trade organizations are receptive to learning about how to more effectively serve immigrant populations. In both Nebraska and Texas, trade organizations (bankers associations and credit union leagues) have been open and welcoming to our respective projects. They have offered to encourage their member institutions to assist our efforts to serve these emerging consumer markets. Individual institutions will vary in the degree of convincing and information necessary to develop products and services intended to serve immigrant consumers. Some institutions will already have specific products and services in place to serve this constituency before you contact them and are looking for ways to increase the use of these products and services. As you begin to develop relationships with different institutions you will be able to determine how your organization can best make an impact.

- Remember, education goes both ways. Many immigrants need financial education and many financial institutions need to learn more about the realities of new immigrant communities. Your organization may be able to contribute to learning on both sides of the equation or open avenues of communication between the two for ongoing feedback and learning.

- Consider partnering with the FDIC, bank or credit union associations, and the Mexican Consulate in efforts to educate bank and credit union staff about financial service needs and opportunities in the immigrant community.

- Consider partnering with local banks and credit union staff to provide financial education classes to community members. Some organizations have successfully collaborated with Spanish-speaking staff from area financial institutions to provide weekly classes hosted by a rotating group of banks and credit unions. This introduces staff to community members, building familiarity in both directions, while avoiding recommending just one business.

- Financial education can happen on many levels. For example, your organization can help coordinate financial literacy workshops or distribute Spanish-language brochures in the community. Time constraints are a serious consideration in new immigrant communities. Incorporating financial education into other activities and institutions that touch people’s lives (churches, ESL classes) may be an important strategy in making financial education more accessible.
• The Appleseed Foundation and other non-profits have developed a variety of educational brochures that can be useful for community outreach or as supplements to educational workshops you coordinate.
III. HOW TO MAKE A COMPELLING BUSINESS CASE

Financial institutions are businesses competing in often tight markets. It is important to think of your project as a business proposal, working to increase the access financial institutions have to an underserved community and ensuring that the new community is well served. The following questions are designed to assist you in your marketing approach to financial institutions and the trade organizations that support them.

How Do You Approach Financial Institutions and Trade Organizations?

- If your goal is to work with more than one institution, beginning with a survey of local institutions’ policies, products, services, and attitudes can provide useful information with which to get started. Through surveys, you can also begin to identify appropriate contacts within the financial institutions and establish contacts for future outreach efforts.

- It is important to listen and learn from financial institutions. Before your first meetings, prepare a few questions to ask about their experience in reaching out to this population.

- Don’t assume full knowledge of the issues. Different financial institutions may be in very different stages of understanding and familiarity with opportunities for serving recent immigrants. For example, many may not be familiar with the term “matrícula” and may not understand the barriers some immigrants face in using mainstream financial services.

- When approaching individual banks and credit unions, partnering with the local bankers’ association, credit union league or a regional office of the FDIC can help give you clout.

- Trade organizations are interested in providing members with the latest market information and strategies. When approaching these organizations, it is helpful to think about how your organization might help the trade association better serve its members, and how the trade association can be of use to you.

- Organizations need to understand what their value added is – what do you bring to financial institutions and what will you ask of them in return (in terms of products and services)?

- Do not be limited in your approach. We have been successful in approaching financial institutions through both the business and the charitable/community affairs side of banks or credit unions. Real decisions about projects and services may generally be made on the business side of the institution, but it is always an important first step to gain an ally who believes in your project to help you along the way.
What Is Convincing to Financial Institutions and Trade Organizations?

Demographic Information: Provide information on the size and growth of the local immigrant population.

- Profit Potential: Some examples of helpful statistics include the number of unbanked (recent surveys say that up to 60% of Latino immigrants are unbanked), the number of new accounts opened at national or local banks and credit unions with consular identification, the average balance in accounts held by new immigrants, and opportunities to facilitate international money transfers (remittances). Remittances can be particularly attractive to financial institutions because, like ATMs, they generate regular fees.

- Community Service Perspective: Present information on barriers faced by the unbanked, the importance of access to mainstream financial institutions for people’s lives and safety, the importance of access to financial institutions for community safety (many local police departments are advocating for accessible financial services and are encouraging community members to use them), examples of current exploitation by fringe financial services, and the role mainstream financial services can play in bringing people out of the shadows of unregulated services and into a regulated context.

- Examples of Policies and Products Developed Locally and Around the Country: Some examples of new policies and products include accepting alternative forms of identification such as consular identification, hiring bilingual teller and customer service staff, considering decor and bilingual signs to make new clientele feel welcome, creative partnerships with local colleges to recruit and train bilingual personnel, participation in community events, offering non-interest bearing savings accounts, developing alternative underwriting guidelines for home mortgage loans, creating Earned Income Tax Credit assistance programs that link tax credits with opening accounts at a financial institution, opening bank or credit union branches in schools or workplaces, providing low-fee remittance products, and creating partnerships with the Mexican Consulate or other organizations to provide financial education and access to services.

What Concerns or Information Requests Should You Anticipate?

The following are some common concerns and questions we encountered. Use them as a guide for your meeting preparation, but do not feel that you need to have all the answers before you start! You can always offer to follow up with more information later.

- Security of the Consular Identification Cards: Treasury regulations under the USA PATRIOT Act allow financial institutions to accept foreign identification cards. Those who are unfamiliar with the matrícula consular and other consular identification cards

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2 Or, some financial institutions suggest customers open a checking account with the option of not ordering checks right away. This prevents lack of familiarity/discomfort with checks from becoming a barrier to opening an account. The financial service provider and client can revisit the possibility of using checks at a future date.

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will want to know about security features and what the consulates require to issue a card. According to the FDIC, the new matrícula is a very secure form of identification with a number of security features. Contact your local Mexican Consulate for information on the card’s security features.

- Requests for Sample Letters and Materials: Financial institution staff members you meet with may request materials to present to their management to promote ideas for new policies or products.

- Inaccurate Perceptions of Barriers: Particularly after high profile discussions of national security and the USA PATRIOT Act, some personnel may have inaccurate perceptions of the barriers to serving new clientele or populations without traditional documentation. In addressing concerns that come up in the course of your conversations with financial institutions, it will be important to distinguish between legitimate security concerns and concerns based on the “reasonable-sounding” arguments disseminated by anti-immigrant initiatives. It is also important to remember that nationally, the majority of immigrants have legal documentation, which leaves a huge market to be served.

- Questions About How to Access the Community: The Federal Reserve Bank of St. Louis has created a helpful resource article, “How to Market to Latinos: Techniques for Reaching the Latino Immigrant Population,” that addresses many issues of community outreach, including bilingual staffing, diversity training for all staff, community involvement, and the importance of careful translations.

- Staffing Strategies to Serve New Immigrants: We have found that some successful staff hiring procedures include: hiring not only a Spanish speaker but an individual from the target community; front line staff should always be well-trained in account issues relevant to immigrants; and, for staff retention, it is important to compensate people for their bilingual skills. Community based organizations and community colleges may be good places for recruiting new staff.

What Can You Offer Financial Institutions if You Are a Non-profit Organization?

- Knowledge of the Community: One of the strongest assets community based organizations (CBO’s) have with regard to financial institutions is their knowledge of the immigrant community and their capacity to connect the financial institution with the community. This is particularly true for financial institutions that are open to serving new markets but do not have any plans to conduct outreach. You might consider conducting consumer surveys or focus groups as a way of formally compiling some of this information.

- Knowledge of Policy and Legal Issues: It is often practical barriers, such as fraud and security concerns related to accepting consular identification cards that cause financial institutions to hesitate to serve recent immigrants. Providing resources to help them navigate legal and policy issues is helpful in overcoming such barriers.
• Knowledge of Trends, Products, and Services: Your organization can provide invaluable research about market information and model financial institution practices being implemented elsewhere – as well as information about where financial institutions can go to find out more.

• Assistance in Breaking Down Barriers: Many financial institutions and non-profit organizations are cooperating to provide account incentives in conjunction with CBO financial literacy education (such as a free checking account with completion of training).

• Ongoing Two-Way Communication: Serving new immigrant populations will be a long-term process that requires ongoing feedback and adjustment. Non-profit organizations can continue to facilitate communication between financial institutions and community members – publicizing the availability of new services and products as well as community members’ reactions, needs, and concerns.

What Should You Expect from Financial Institutions?

• Accountability: After connecting with a new market, we would expect banks and credit unions to demonstrate that they are continuing to effectively serve that market (and that they won’t go on to take advantage of new customers). It may be helpful to conduct ongoing surveys of financial institution practices, policies, and fees, to monitor market trends as your project progresses.

• Fairness: In facilitating access to a potentially high volume and profitable market, you are in a position to encourage best practices from the financial institutions with which you work.

• Service: Financial institutions should develop products and services that appeal to immigrant customers and address their particular needs and interests. Part of that process is an ongoing commitment by the institution to ensure that its staff is trained to assist customers in using the new products and services.
IV. HOW TO IMPLEMENT
YOUR OUTREACH PLAN

As you work to implement your financial institution outreach plan, there are four steps that can help to shape and guide the process.

1. Define What You Want

Some issues to consider are:

- As a community organization, do you want to increase awareness about the benefits of utilizing traditional financial services among the immigrant population, or are you seeking to meet a specific community lending or financial service need? For example, have you found that immigrants are having a hard time getting a home loan? Have a list of products and services that would meet the basic needs of immigrant consumers and do not be afraid to ask the institution when and if it will provide those or if it is willing to investigate those products or services further.

- As a policy organization, what regulations, industry practices, or policy changes do you believe are most in need of reform in order to better address the needs of the immigrant consumer? What research could you make available to financial institutions to further the process of serving immigrant communities? What other advocacy activity could you undertake to improve the policy situation? For example, at the state level, Texas Appleseed successfully advocated for legally mandated consumer disclosures on international wire transfer receipts. On the national level, Appleseed Centers collaboratively submitted comments to the U.S. Department of Treasury to encourage approval for financial institutions to accept foreign issued identification in opening accounts.

- Be ready to serve different roles based on the context of the institutions you are encountering. In some cases, you may need to start from square one – providing basic information about the barriers immigrants face in accessing financial services. In others, you might find yourself working with already-interested financial institutions that require help taking the next step or connecting with information about products and policies developed elsewhere.

The goals set in the early stages of the plan can and will likely change as your project develops. Nonetheless, it is important to start with defined goals to direct your efforts and determine the relationships you need to move ahead.

2.
Determine the Financial Institution Relationships Necessary to Achieve Your Goals

Helpful questions to consider include:

- Should you work with one bank or credit union or a group of financial institutions?
- Should your focus be the trade organizations (bankers associations or credit union leagues)?
- Will you focus on one community, statewide, or in target communities where the immigrant population is located?
- In what way might relationships or contacts with the industry regulators like the FDIC or Federal Reserve Bank help you?

A close examination of the staff and other resources your organization has available to devote to this project may help to inform these strategic decisions. It has been our experience that first developing support from the trade organizations may increase your credibility and standing when approaching specific banks or credit unions. However, in some instances you may already have a strong ally at an institution that is interested in this project and is willing to help you approach the trade association or even willing to help you identify contacts at other banks or credit unions. For community-based organizations with specific lending or financial service needs, a close partnership with one institution could meet the desired goal.

For organizations working for broader changes or wider impact, the trade organizations are an effective partner to access a broad range of institutions. Relationships with financial institution regulators, such as the regional FDIC office, Federal Reserve Bank, or state regulators may also help in the process of achieving broader impact.

3. Determine Other Necessary or Helpful Project Partners

Some examples of partners include:

- The local consulate of the immigrant community you are hoping to serve;
- Organizations that work on policy issues at the national or regional level;
- Business leaders from the immigrant community you are hoping to serve;
- Local community based service organizations and cultural centers;
- Unions that represent the target community are good partners, particularly for outreach and financial education;
- Large employers of the population you serve can support certain efforts, such as setting up direct deposit or providing financial education for their employees;
- Local chambers of commerce; and
- Local police departments have been excellent allies in advocating for access to financial services from a community safety perspective. Some local departments have helped disseminate information to community members.

It was our experience that a broad and diverse coalition of human service organizations, financial institutions, and business partners enabled our work to be more effective. Working
with partners has strengthened our outreach efforts and educated us about subtleties of the issues we are trying to address.

4. **Begin!**

   Once you have your strategy in place, it is time to set meetings and begin work. Some final tips that helped us in our work are:

   - Personal relationships are very important. Have face-to-face meetings whenever possible. If you conduct an initial survey, the institutions that respond quickly or in greatest detail may be likely targets for your first appointments.

   - Remember that you don’t have to be an expert to start. It can be okay to admit that you are not banking experts and that is why you are seeking the expertise of financial institutions. However, do not undervalue your expertise either. Make it clear that you have a strong record and history of serving the community. Your knowledge of how to work with your community and assess their needs is valuable.

   - When conducting in-person meetings, bring along materials to help explain your project and its goals (timelines, numbers of those you expect to participate in the project, numbers reflective of past outreach or education events your organization has hosted, specific demographic information about the immigrant population in your community or state).

   - Make sure that consumer protections are a high priority as you set the groundwork that may determine how financial institutions serve the immigrant community.

   - Initial meetings should be focused on introducing yourself, your organization, and your project. Listen carefully and be receptive to what the financial community is willing to share about their experiences in serving or attempting to serve the immigrant population as well as their concerns.

   - Plan follow-up meetings relevant to your project goals. These meetings can be used to discuss specifically what financial institutions are willing to do to help your organization and how you plan to support their efforts. Will they help teach or cover the costs of carrying out the financial education components of your work? Will they participate in financial fairs with other institutions in your area? Will you include them in organization activities?

The final section of this manual is a Resource Guide. It is designed to provide research and informational materials to help you with the process of shaping your project. Good luck with your work!
RESOURCE GUIDE
Immigrant Financial Service Resource Guide

Background

- Federal Deposit Insurance Corporation (FDIC) regional office contacts, http://www.fdic.gov/about/contact/ask/regionaloffices.html

Identification

- Internal Revenue Service, Individual Taxpayer Identification Number (ITIN) information, http://www.irs.gov/individuals/article/0,,id=96287,00.html

Consumer Protection and Predatory Lending

• Center for Policy Alternatives, “Housing – Predatory Lending,”
  http://www.cfpa.org/issues/econdev/lending/index.cfm

• Consumer Federation of America, “The Hidden Markup of Auto Loans,”

• FDIC Consumer Protection,
  http://www.fdic.gov/consumers/index.html

• National Consumer Law Center,
  http://www.consumerlaw.org

• ResponsibleLending.org offers Information on a wide range of predatory lending
  practices, including mortgage lending, payday loans, tax-refund anticipation
  loans, rent-to-own contracts, and credit cards,
  http://www.responsiblelending.org

Outreach and Financial Education

• Cooperativa Comunitaria Latina de Credito/Latino Community Credit Union,
  www.cooperativa-latina.org

• Credit Union National Association (CUNA), “Serving Members of Modest Means
  Survey Report,”

• Credit Union National Association (CUNA), “Credit Unions Serving Hispanics:
  A National Perspective,”
  http://www.cuna.org/initiatives/hispanic/index.html

• FDIC, “Money Smart: An Adult Education Program,”

• FDIC, “Financial Education in a Dynamic Banking Environment,”

• Ohio Extension Curriculum,
  http://www.ohiocul.org/Foundation/latinoed.htm
Sample Financial Institution Survey

Building Immigrant Access to Nebraska Financial Institutions:
A Bridge to the Future for New Nebraskans

Instructions:
Please disregard questions that are not applicable to your institution. Please format
your answers in a separate document or as you see fit. Please attach any written
materials or brochures that reference these issues. The term "unbanked" used in
this survey refers to people that do not utilize traditional banking services.
National studies indicate about 10% of the US population is unbanked. The
majority are immigrants and minorities.

Contact Name: ___________________________________________________
Email Address ___________________________________________________
Bank Name: ___________________________________________________
Bank Address: ___________________________________________________

1. Does your institution offer bilingual services? □ Yes    □ No
   If yes, please specify in what languages your institution offers written materials or
   bilingual personnel.

2. Does your institution offer any educational, community outreach programs, or
   services targeted to non-English speakers, immigrants, or others in the unbanked
   community?
   □ Yes    □ No
   If yes, please explain.

3. What forms of identification are considered acceptable to open an account?
   □ Social Security Number (SSN)          □ Individual Taxpayer ID Number (ITIN)
   □ Driver’s license                      □ State ID
   □ Major credit card                     □ Matrícula consular. (issued by Mex.
                                           consulate)
   □ Other ________________________________

(Please See Other Side for Questions 4-10)
4. Does your institution process Individual Tax Identification Number (ITIN) applications directly? □ Yes □ No
   If yes, what fees are associated with this?

5. Does your institution offer any non-interest bearing accounts? □ Yes □ No

6. Does your institution offer Electronic Transfer Accounts (ETA)? □ Yes □ No

7. What does your institution require to open and maintain a safety deposit box? What fees are associated with this?

8. Does your institution offer services for immigrants to remit funds to their home countries? □ Yes □ No
   What fees are associated with these services?

9. In your opinion, what are the incentives and disincentives for your institution to offer banking services to immigrants in your local area?

10. Are there “newcomer friendly” programs or services your bank already offers that you would like to share with us? □ Yes □ No
    If yes, please explain:

Thank you for your time and effort with this important matter!
Texas Appleseed and Community Resource Group are embarking on a four-step project to improve the accessibility of financial institutions to Mexican immigrants in Texas and to expand the banking products offered to this community to include a fuller spectrum of financial services: small loans, mortgage loans, and expanded savings products. The four steps are:

1. Compiling background community, banking and credit union research;
2. Conducting bank, credit union and other related industry outreach to assist financial institutions in serving the target clientele with an expanded array of services and affordable fees;
3. Identifying proven creative policies and procedures, such as alternative credit scoring measures, that could expand the financial services available to Mexican immigrants without unreasonable risk on the part of the financial institutions; and
4. Working with community organizations to help them partner with banks and credit unions to serve Latino immigrants and creating outreach materials.

Immigrants are largely unbanked in the United States. Of the 10% of U.S. households currently unbanked, 60% of them are minority or immigrants. A 2002 survey of Latin American immigrants conducted by the Pew Hispanic Center found that 58% of the survey population does not have a bank account.

There is clear financial benefit in serving the Mexican immigrant population:
- It is a fast growing population, comprising nearly 10% of the total Texas population, and growing over the past 10 years in the triple digits in many Texas urban areas.
- Remittances from the United States to Mexico alone grew to an astounding $13 billion for 2003. With Texas home to 20% of U.S. Mexican immigrants, an estimated $3 billion of that money was sent from Texas.
- Check cashers generate $60 billion annually, with this demographic making up a large part of their clientele.

Immigrants also benefit from a relationship with a financial institution. Having such a relationship provides:
- A safe place to keep money;
- An easy way to pay monthly bills;
- A low cost alternative to using wire transfer companies; and
- A way to build credit for the future.
Texas Appleseed and Community Resource Group
Outreach to Support Immigrant Banking

Texas Appleseed and Community Resource Group can serve as conduits helping to connect financial institutions with the necessary information to facilitate the process of serving Mexican immigrant communities in Texas.

As part of our work, we are preparing research and identifying best practices on a variety of relevant topics:

Market Research:

- Survey of Mexican remittance users in Austin, Texas;
- Surveys of more than 100 financial institutions across the country on how they access the immigrant market and compilation of ‘best practices’;
- Study of impact of financial service availability in Mexico on banking decisions by Mexican immigrants in the U.S.; and
- Impact of Patriot Act on financial access.

Best Practices:

- Survey of successful alternative underwriting models for mortgage lending to documented and undocumented immigrants; and
- Review of loan servicing best practices to successfully service loans.

Cultural and Financial Considerations:

- Study of the financial service needs and impediments to access financial institutions for Mexican immigrants;
- Development of concise financial literacy brochures that address key financial education issues in a culturally sensitive way;
- Earned Income Tax Credit as a source of savings for opening an account with a financial institution; and
- Work to identify and address policy issues that serve as barriers for individuals in benefiting from financial institution services.

Using this research, in conjunction with creative thinking and new initiatives, such as worksite banking and community based service planning; we strive to supplement ongoing efforts to benefit both immigrant communities and the financial institutions that serve them.
Banking Opportunities in the Hispanic Market

Brought to you by the
Iowa Bankers Association
New Iowan Center
Federal Deposit Insurance Corporation
Cedar Rapids, Iowa
April 8, 2004

Significant Demographics

- The Hispanic population represents about 13% of the U.S. population, 2.8% of Iowa’s
- Census says there are 83,000 Latinos in Iowa, may be undercounted (see maps)
- 39% (14.5 million) of Latinos are immigrants from Latin America
- 8 million are immigrants born in Mexico
- In 2003, Latinos held $600 billion in purchasing power

Immigrant Population Growth

Hispanic Purchasing Power

...TRANSLATES INTO PURCHASING POWER

Projected Purchasing Power of U.S. Minorities ($B)

Latino Immigrants and Bank Accounts

- Recent surveys say that up to 60% of Latinos are unbanked
- Wells Fargo opened 60,000 new accounts in a year
- In Kansas City and Omaha, three banks opened 2,500 accounts with matriculas
- Industrial State Bank opened 45 accounts at a Latino banking fair
- Mexican immigrants open accounts with an average $3,000

Opportunities in the Money Transfer Business

- 70% of Latinos send money home
- Remittances are often the priority item on immigrants’ budgets
- Immigrants spend about $18 on a $250 remittance
- Remittance providers earned $3 billion from the $23 billion sent to Latin America
- Banks handled only 9% of remittance transactions originating in U.S. to Latin America
Alternate Forms of Identification

Matrícula Consular

A photo identification card issued by Mexico’s consulates to Mexican nationals living in the U. S., regardless of immigration status.

Mexican nationals can be resident aliens, nonresident aliens, tourists, students, etc.

Section 326 of the PATRIOT Act gives banks latitude in accepting foreign photo identification (Mexican matricula consular card, voter registration card, passports, etc.)

The Mexican Consulate in Omaha issues matriculas. Phone: 402.595.1841 and press “9” for English. E-mail: consulmexomaha@qwest.net

Alternate Forms of Identification

Individual Taxpayer Identification Numbers

Issued by the Internal Revenue Service since 1996

Banks can apply to the IRS to become Certified Acceptance Agents

Section 326 of the PATRIOT Act mentions ITINs

Neither ITINs nor matriculas give legal status to undocumented immigrants

Part 326 of the Patriot Act does not discourage banks’ use of the matricula card or ITINs

Other alternate identification forms:

- Mexican voter registration card
- Passports
- Matricula card from other countries
**Avenues to Latino Immigrants**

*Go to where your clients work, live, and play*

- Do your homework...obtain information on your prospective clientele
- Host a focus group of community leaders
- Team up with community group/faith based organization
- Work with the Mexican consulate, host mobile sites
- Go to community meetings and ethnic festivals
- Team up with employers
- Offer financial education classes
- Recognize that there are different groups within the Latino market

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**FDIC Initiatives**

*Linking the Unbanked to the Financial Mainstream*

Selecting key partners is very important...

- Provide financial education
- Coordinate banking fairs
- Work with employers
- Launch free tax preparation initiatives
- Give guidance to bankers through seminars and consultations

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**For More Information**

- [www.iadb.org](http://www.iadb.org)
- [immigrants@neequaljustice.org](mailto:immigrants@neequaljustice.org)
- [amanda@gcir.org](mailto:amanda@gcir.org)

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**Grow Your Bank by Serving the Hispanic Market**

Questions?

Thank you for coming!

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**For more guidance or information...**

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FDIC Kansas City Region  
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ekelderhouse@fdic.gov

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