Alliance for Economic Inclusion Past and Future

- To bring financial education and affordable financial services to unbanked immigrants

2001-2004
- Banking immigrants seminars at New Iowan Centers (with Iowa Bankers Association)
- Reaching out in Emporia and Garden City, Kansas
- Outreach at request of Kansas Bankers Association

2005-2006
- New Americans Task Force kickoff with Iowa Bankers Association
- Formation of three committees

2007 and Future
- NATF efforts merged into Alliance for Economic Inclusion
- Work with Iowa Bankers Association and Missouri Bankers Association
- Broaden scope to help unbanked immigrants to other unbanked, underserved markets
- Still focus on guidance for targeting immigrants, bank accounts, remittance products, loans but also focus on alternative loans to payday lenders, affordable short term credit with savings component, savings accounts
- Focus on free tax preparation for low income families
- AEI conferences in Minneapolis (May) and St. Louis (April)

KC Region Cumulative Results

- Spanish Money Smart: 3,500 participants
- Bank accounts: 25,884/$6.7 million in deposits
- Remittances:
  - 15 banks have affordable remittance products
  - 2,834 transactions, $1.9 million transmitted
- Mortgage/consumer loans
  - 11 banks offer targeted mortgage programs
  - 520 loans, $24 million originated

Alliance for Economic Inclusion

- Focus is also on helping low & moderate income families find alternatives to predatory lending
- Financial education and financial services committees
- Committee meetings in Kansas City every 3-4 months

Size of Unbanked/ Underbanked Market

- As many as 39 million people are **unbanked**
- Approximately 44.7 million people are **underbanked** – 19.4% of all households
- The combined un- and underbanked populations may be 40 million households and **$1.1 trillion** in income

Source: BearingPoint and Center for Financial Services Innovation
Unbanked Families by Race & Ethnicity

<table>
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<tr>
<th>Race/Ethnicity</th>
<th>U.S. Born</th>
<th>Immigrant</th>
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Meetings & Conferences

- Kansas City – Financial Services & Financial Education Meetings – March 27 & 28
- Kansas City – AEI Conference - June 14th
- Conferences in St. Louis & Minneapolis

KC Region Goals
Alliance for Economic Inclusion

- 5,000 bank accounts per year
- 10,000 attending Money Smart classes per year
- 5 new banks offering small dollar loans and Directo a Mexico or other new remittance products
- 5 new banks offering IDAs or other special savings accounts
- 4,000 low income families filing tax returns
- $4 million in refunds
- Promote employer based and bank in school programs
- Add new, committed members

Why Should You Join the Alliance for Economic Inclusion?

- Gain new customers
- Get free guidance from FDIC and group members
- Receive free monthly list serv with events & latest research
- Meet other bankers and community groups
- Receive invitation to FDIC AEI events
- Opportunity to be included in media coverage
- CRA credit
- Find out about FDIC student internships

FDIC Student Internships

- Student internships
- Corporate Employee Program
- Honors Attorney
- http://www.fdic.gov/about/jobs/index.html
- Recruitment Events
- Lincoln University, Career Fair, Jefferson City, MO (4.17.07)

Two Versions: Instructor-Led & Self-Paced

- Instructor-Led
- Self-Paced

Internet-based
Train-the-Trainer
- Train-the-Trainer Video for potential Money Smart instructors
- About half an hour overview of teaching Money Smart English and Spanish
- Viewable online or order in VHS/DVD format
- Train-the-Trainer workshops

Immigrant Population Growth
- On average, 25% of Hispanics in high growth areas tend to be recent immigrants
- 50% tend to speak Spanish only, 38% are bilingual
- In these areas, deposits have increased 53% on average nationwide (FDIC Outlook, Winter 2004)

Hispanic Purchasing Power
In 2007, Latinos nationwide held $700 billion in purchasing power

Growth in Bank Accounts
- Between 2002 and 2007, the number of Hispanic households with checking accounts will increase by 57%
- savings accounts will grow by 76%
- using investment products will grow by 94% (American Banker, 2003)
Growth in Bank Accounts

Recent surveys say that up to 60% of Latinos and 54% of Mexican immigrants (5 million) are unbanked.

- The more recent the immigrant, the less chance they are banked.

Growth in Bank Accounts

- FDIC has facilitated banking fairs in different locations.
- Banking fairs: 103 accounts were opened at El Centro, Inc; 130 accounts were opened at the Muscatine, Iowa New Iowan Center.
- Mexican immigrants open accounts with an average of $2,000 to 3,000.

Alternate Forms of Identification

Matrícula Consular

Issued by the Internal Revenue Service since 1996.
- Banks can apply to the IRS to become Certified Acceptance Agents with form 13551.
- Valid for 4 years.
- Banks have the background check waived.
- Section 326 of the PATRIOT Act mentions ITINs.

Alternate Forms of Identification

Individual Taxpayer Identification Numbers

- 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
Remittances

- $22 billion sent to Mexico in 2006
- Banks can get CRA credit for offering low cost remittances
- Directo a Mexico

Remittances

- 70% of Latinos send money home; 75% of Mexican remitters are unbanked
- Remittances are often the first priority item on immigrants’ budgets
- Immigrants send money home about 10 times a year in amounts from $200 - $300

Asset Building Products

- Individual Development Accounts
  - Homeownership – UMB Bank & El Centro
  - The Family Conservancy
- Remittances
  - Directo a Mexico – Federal Reserve Bank
  - Can open an account in Mexico
- Small Dollar Loans
  - Credit Builder (and Saver) – Central Bank of Kansas City
  - Citizenship Loans
  - Consumer Loans – First National Bank of Olathe
  - Micro Loans – Go Connection
  - Car Loan – The Family Conservancy Ways to Work Program

Marketing Financial Services

- Do your homework...obtain information on your prospective clientele
- Host a focus group of community leaders
- Team up with community group/faith based organization (training, bring customers to you)
- Work with the New Iowan Centers, Nebraska Appleseed and consulates

Marketing Financial Services

- Go to community meetings, ethnic festivals, banking fairs
- Offer financial education classes with a nonprofit
- Recognize that there are different groups within the Latino market
- Employ bilingual staff from the community...start with platform personnel

Marketing Financial Services

- Train/sensitize your staff to serving needs of immigrant customers (new IDs accepted, etc.)
- Staff may have to do more explaining than usual (be visual, show VISA ATM card which is a symbol of status sometimes)
- Be careful about translations
- Consider paying tellers/account reps extra to translate for loan officers
Marketing Financial Services

- Make your branches appealing to your clientele
- House Hispanic serving nonprofits
- Immigrants prefer personal touch: high tech, electronic features may not appeal to them
- Many immigrants want to become entrepreneurs

Marketing Financial Services

- Design products that your customers want (remittances, tanda accounts)
- Offer CD secured loans to establish credit
- Offer package deals
- Consider alternate underwriting guidelines

Marketing Financial Services

- Market on radio/newspapers (word of mouth crucial)
- Work with high school with high number of bilingual kids Open branch in high school with students as staff
- Hire bilingual high school kids and give scholarships to local college
- If you offer gifts, consider calling cards, gas cards, etc.

Marketing Financial Services

- Open accounts at employer sites, construction sites, tea parties
- Offer play area, coffee, babysitting during account opening/mortgage closing
- Let customers write checks in Spanish
- Provide coloring books and school supplies with bank’s name to Hispanic nonprofit

For more information...

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