

Meeting the Financial Service Needs Of Mexican Immigrants

A Survey of Texas Financial Institutions



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and the Appleseed Foundation

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Texas Appleseed Mission

Texas Appleseed works to promote justice for all Texans by using the volunteer skills of lawyers and other professionals to find practical solutions to broad-based problems. Texas Appleseed was founded in 1996 and is one of 15 Appleseed Centers throughout the United States and Mexico. Texas Appleseed leverages the skills and resources of lawyers and firms across Texas to take on some of the state's most important legal and social issues. Texas Appleseed tackles root causes of problems rather than individual symptoms and works to create viable solutions at a local level.

Community Resource Group Mission

Since 1975, Community Resource Group (CRG) has worked to offer innovative solutions to problems facing low wealth and low-income communities and families across the rural South. CRG's Colonia Program has been working in the colonias on the Texas-Mexico border since 1995. CRG's main objective in the colonias is asset building. To achieve this, CRG is engaged in land titling, small home loans, home rehabilitation, new home construction, and banking and financial policies.

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EXECUTIVE SUMMARY

The Mexican immigrant population of Texas is growing quickly yet it is a population that is largely unserved by financial institutions. Serving Mexican immigrants is a win-win scenario for both immigrant communities and financial institutions. Immigrants benefit from a safe place to keep their money, low-cost remittance options, and the potential to build credit for the future. Financial institutions benefit from serving an untapped market and establishing relationships with immigrant families as they become established and more integrated into the United States financial systems.

Some Texas financial institutions have a long history of serving Mexican immigrants while others have only recently begun to actively reach out. This study identifies some of the most important components to successfully serve Mexican immigrants. It then analyzes the product offerings of 33 Texas financial institutions that are reaching out to serve Mexican immigrants. The goal of the study is to understand what products are being offered in the Texas financial institution market and how closely they match guidelines that reflect community needs and barriers to accessing mainstream financial services. The guidelines were developed based on existing research, experiences of Appleseed Centers and Community Resource Group working with the Mexican immigrant community, and contacts with community based organizations serving the target population.

The results of our study show that all of the financial service institutions surveyed offer at least some of the products and services described in the product and services guidelines. Additionally, at least one financial institution offers nearly all of the products and services described in the guidelines. These results indicate that Texas financial institutions are moving towards providing products and services to attract the Mexican immigrant market away from fringe financial services and cash-based transactions and into the financial services mainstream.

Offering an appropriate mix of products and services at reasonable rates and fees is the first step in serving this population. The next challenge is to engage unbanked individuals in using financial institution services. This report profiles ten models of financial institution programs and strategies that have been successful in attracting and serving unbanked populations and specifically Mexican immigrant communities. The models and strategies focus on three areas: programs and institutions developed specifically to serve Mexican immigrants, check cashing-financial institution hybrids, and financial education initiatives. These models provide useful ideas that can assist financial institutions in designing community outreach strategies and initiatives.

With Mexican immigrants making up ten percent of the total population in Texas, financial institutions have a growing opportunity to move this community from the fringes of financial services. By providing services and products that meet today's needs and opening avenues for building credit for the future, financial institutions can both make a profit and help Texas' immigrant communities.

MEETING THE FINANCIAL SERVICE NEEDS OF MEXICAN IMMIGRANTS

A Survey of Texas Financial Institutions

INTRODUCTION

Serving the Latino market has become an important focus for financial institutions nationwide. Many banks and credit unions have teams or divisions geared specifically toward gaining strength in the Latino market. Clearly, financial institutions view the Latino market, including the Mexican immigrant population, as a major source of future expansion and growth.¹ Financial institutions are interested in tapping into this growing market, but how well are their product offerings meeting the needs of this diverse group of people?

This report begins with a brief examination of some banking products and services identified as most appropriate for Mexican immigrants. It documents the products offered by a sample of financial institutions operating in Texas, based on a survey of 33 Texas financial institutions. These products include basic entry-level accounts chosen based on low initial deposit and minimum balance requirements. The survey also documents other services of interest to recently banked immigrant communities, such as money orders, accepting the *matrícula consular* card² as primary identification to open an account, international wire transfers, availability of bilingual staff and information, as well as other general features.

This report also examines some of the best practices in Texas and nationwide for providing mainstream financial services to the Mexican immigrant population in the United States.³ The best practices are divided into three categories. The first category is initiatives designed specifically to serve Mexican immigrants. The second is initiatives that use a hybrid check cashing-full service branch model. The third is successful efforts in providing financial education, which is crucial to the successful integration into mainstream financial services of any newly banked community.

The sample of financial institutions surveyed for this report was selected based on an expressed interest in serving the Mexican immigrant population either through accepting the *matrícula consular* card or through community outreach efforts. The survey includes eight multi-state banks, 15 Texas banks, and ten credit unions. It captures a snap shot of financial products and services most relevant to the needs of recently banked immigrants. It also documents some inconsistencies between institution policies and customer experiences.

¹ Hispanic buying power, which is now approximately \$600 billion, will reach \$900 billion by 2007. Source: Credit Union National Association, "Credit Unions Serving Hispanics: A National Perspective," p.3.

² The *matrícula consular* is an identification card offered by Mexican Consulates nationwide to Mexican nationals. A growing number of financial institutions and local and state governments accept it as official identification.

³ Mexican immigrant is defined as a person born in Mexico who is now living in the United States.

**A DEMOGRAPHIC AND FINANCIAL SERVICE OVERVIEW
OF MEXICAN IMMIGRANTS IN TEXAS**

Mexican immigrants make up nearly ten percent of the Texas population and their population has more than doubled over the past ten years in many Texas urban areas.⁴ They make up a growing untapped market for financial institutions because they are largely unbanked. Less than 50 percent of Latino immigrants have bank accounts.⁵ Because people immigrate to the United States to work, immigrants tend to be employed and have a strong savings ethic. They also tend to have little experience with financial institutions and many are accustomed to functioning solely within the cash economy.

**Mexican Immigrant Population in Texas and Major Urban Areas
1990-2000**

	1990	2000	Percent Change
TEXAS	907,432	1,879,369	107%
Austin	15,573	61,948	298%
Brownsville	26,380	42,075	59%
Dallas	75,507	208,688	176%
El Paso	103,079	132,271	28%
Fort Worth	26,068	64,469	147%
Houston	132,596	273,567	106%
McAllen	19,534	26,089	34%
San Antonio	63,214	96,674	53%

Source: U.S. Census, 1990 and 2000

When financial institutions are successful in reaching out to this community the results are beneficial for both the individuals and the institution. Individuals benefit because they have a safe place to keep their money, they avoid paying check cashing fees, and they begin to build a credit history for future credit needs. Those sending funds to Mexico also benefit from lower international wire transfer fees as banks and credit unions can offer more competitive rates in the consumer international wire transfer market.

According to the Bank of Mexico, in 2003 \$13.3 billion was remitted to Mexico from the United States. This represents a 35 percent increase over 2002. For the first time remittances surpassed the inflow of foreign investment into Mexico.⁶ As of the end of

⁴ U.S. Census data, 1990 & 2000.

⁵ Manuel Orozco, "Cost, Economic Identity and Banking the Unbanked," Inter-American Dialogue, Washington, D.C. Testimony presented before the Congressional Hispanic Caucus, March 26, 2003, p.5.

⁶ Ali Velshi and Pat Kiernan, "Remittance to Mexico Hit Record 13.3 Billion," *Financial Times Information Ltd.*, January 30, 2004.

2003, remittances have surpassed tourism and are Mexico's third largest source of foreign income, after foreign investment and oil.⁷

Finding safe, accessible, and inexpensive options for sending money to family members across the border is a significant concern for recent immigrants. Though international money wiring companies such as Western Union and MoneyGram still dominate the remittance market to Latin America, financial institutions are making headway. Currently at least 15 percent of migrants in the United States send money home using financial institutions, and that market share appears to be increasing.⁸

Institutions benefit from serving the immigrant market. They gain customer loyalty from a population that can be profitable in the short-term through individuals holding savings and using international wire transfer services at the institution. In the long-term, immigrants bring profit to institutions by taking out consumer and home mortgage loans as well as using other financial products offered. There is also short-term profit potential from offering low-cost wire transfer services and check cashing to individuals who trust the institution but are not yet ready to open an account.

Early experiences with the initial products offered to the newly banked are often the most important. For example, opening a new checking account without sufficient knowledge of how to use it may result in the eventual loss of a customer. Newly banked individuals who face significant non-sufficient funds charges and overdraft fees at the beginning of a new financial institution relationship may have a disincentive to continue the relationship. Consumer information often points to financial institutions as a cheaper alternative to the fringe financial service providers. Yet the advantage of fringe services is that all fees are set and charged up front. If consumers are charged too many unexpected fees that increase the cost of financial transactions, they could make the decision to end their financial institution relationship because it is costing them more than their previous financial service system. Such a move is neither in the interest of the consumer nor the financial institution.

⁷ "Workers' Remittances to Mexico," *Business Frontier*, Issue 1, Federal Reserve Bank of Dallas, El Paso, 2004, <http://www.dallasfed.org/research/busfront/bus0401.html>, 7/18/04.

⁸ Andres Oppenheimer, "Billions in Migrants' Remittances to Become Collateral in Developing World," *Knight-Ridder/Tribune News Service*, February 19, 2004.

THE MATRÍCULA CONSULAR AND THE ITIN: ALTERNATIVE IDENTIFICATION DOCUMENTS FOR OPENING ACCOUNTS

The long-standing requirement that an individual have a Social Security number in order to open an account had been a barrier for financial institutions in serving recent immigrant populations. On September 18, 2003, the U.S. Treasury Department affirmed earlier rules for implementing the USA PATRIOT Act. Under the new federal regulations, financial institutions have the discretion to accept foreign issued identification to open accounts as part of a Customer Identification Program.⁹ A financial institution must have an individual's name, date of birth, street address and an identification number to open an account. For a non-U.S. person, the identification number can be a taxpayer identification number, passport number with country of issuance, alien identification card, or other government-issued identification with number and country of issuance.

One of the most common identification cards used by Mexican immigrants to open financial institution accounts is the matrícula consular card. The matrícula consular is a government identification card issued by Mexican Consulates in the United States. Mexican Consulates require that the applicant appear in person and present proof of nationality, identity, and address.¹⁰ The card contains a number of security features to prevent fraud. Currently, at least 70 financial institutions and 800 governmental entities nationwide accept the matrícula as official identification.

One bank that has been at the forefront of outreach efforts to Mexican immigrants in Texas opened 30,000 accounts using the matrícula consular nationwide in a six-month period with a total of \$50 million in deposits.¹¹ In the Midwest alone, approximately 50,000 accounts have been opened using the matrícula consular card over the past 18 months, collecting over \$100 million in deposits.¹²

In conjunction with the matrícula card, financial institutions sometime request an Individual Tax Identification Number, or ITIN, for foreign nationals. It is important to note that ITINs are legally necessary only for accounts that have tax implications, such as interest-bearing accounts.

The ITIN is a nine-digit tax-processing number issued by the Internal Revenue Service (IRS) to foreign nationals and other individuals who are required to file a U.S. tax return but are otherwise ineligible to obtain a social security number. The ITIN is for federal tax

⁹ The decision was issued by the U.S. Treasury Department on September 18, 2003. See: <http://www.treas.gov/press/releases/js743.htm>.

¹⁰ Consulado General de México, Dallas, Texas, "Matrícula Consular," <http://www.sre.gob.mx/dallas/espanol/matriculas.htm>, 3/15/04.

¹¹ The Mexican Center of the Teresa Lozano Long Institute of Latin American Studies, in the College of Liberal Arts at the University of Texas at Austin, Research and Public Policy Workshop, "Remittances, the *Matrícula Consular*, and Financial Services Used by Mexican Migrants in Central Texas," September 26, 2003.

¹² Consulado General de Mexico Chicago, IL, "New Alliance Task Force Announces Preliminary Results," December 10, 2003.

reporting and the IRS does not intend it to serve any other purpose.¹³ Thus, the ITIN does not authorize a holder to work in the U.S. nor does it give the holder any U.S. immigration status or benefit.

Under the USA PATRIOT Act rules, a taxpayer identification number is listed as one option for meeting the identification number requirement for non-U.S. persons.¹⁴ Nevertheless, in December 2003 the IRS issued its ITIN procedures to emphasize that the ITIN is not valid for identification outside the U.S. tax system. The IRS cautioned that ITIN applicants are not required to apply in person, and that the IRS does not further validate the authenticity of identity documents presented during the application process. At this time, the regulators have not acted to resolve the conflict between the IRS and the USA PATRIOT Act rules.

¹³ Internal Revenue Service, “IRS Announces Revisions to the ITIN Application,” December 17, 2003, <http://www.irs.gov/newsroom/article/0,,id=112728,00.html>, 2/13/2003.

¹⁴ 31 CFR 103.121 (b)(2)(i)(A)(4)(ii). Other options include, “passport number and country of issuance; alien identification card number; or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.”

FINANCIAL PRODUCT AND SERVICE GUIDELINES

Now that financial institutions have the discretion to accept foreign government-issued identification, they have the capacity to serve immigrants with and without Social Security numbers. In order to be effective, institutions must offer products that meet the populations' needs and meet short and long-term profitability goals.

The following list summarizes key factors that the Appleseed Immigrant Access to Financial Institutions Project has identified as important in meeting the needs of Mexican immigrant populations. The factors include accepting expanded identification options, low-cost accounts, and supplemental services to facilitate the transition from cash-based transactions to financial institution services. The survey analysis uses these factors, described in detail below, as the basis for assessing how well financial institutions are serving Mexican immigrants in Texas.

1. Accepting the Matrícula Consular as Identification and Providing Assistance in Completing and Submitting Required Tax Forms

Accepting the matrícula consular card as identification to open an account is important in attracting the Mexican immigrant population that does not have access to a Social Security number.¹⁵

It is important to note that accepting the matrícula card is only the first step in building a relationship. Financial institutions must also educate the front line of service providers about the procedures involved in opening an account with the matrícula or other foreign government identification cards. If a person who is unbanked takes the first step of entering a bank or credit union, the experience must be positive and consistent with any information provided in community outreach or advertising efforts.

Some financial institutions also require U.S. Internal Revenue Service (IRS) paperwork, particularly if accounts are interest-bearing. The most common required forms are: W-8BEN, the W-7, and the W-9. For financial institution accounts, a W-8BEN is filed to certify that the holder of an interest bearing account is a foreign person for the purposes of taxation and to claim an exception to backup withholding for account interest income. The W-7 is an application for an Individual Tax Identification Number (ITIN), which individuals who do not qualify for a social security number must have in order to file taxes in the United States. The W-9 is a certification form for the taxpayer identification number.

As one way to make opening an account less intimidating to recent immigrants, financial institutions may consider assisting individuals trying to open an account with the matrícula card or other foreign identification to obtain the necessary IRS forms to complete the

¹⁵ According to the Pew Hispanic Center Report, "Undocumented: The Numbers Behind the US-Mexico Migration Talks," March 2002, p.6, of the 8-10 million estimated undocumented individuals in the United States, 58 percent are Mexican and 20 percent are from Central America.

process. For example, financial institutions could provide the W-7 application forms if an ITIN is required and assist in the ITIN application process. Financial institutions can be approved by the IRS to accept ITIN application forms.

2. Offering Low Cost Account Products Makes Financial Institutions More Accessible to Immigrant Populations and Highlights the Cost Savings Aspect of Using a Financial Institution

Free checking accounts with low minimum balances are popular entry products. Most individuals who are accustomed to dealing in cash do not use checks right away but are interested in using debit and ATM cards. However, not all free accounts are beneficial to consumers.

If new customers are not given sufficient guidance on how to use accounts, the new accounts may end up discouraging individuals from maintaining accounts because of the high non-sufficient funds and overdraft fees they end up paying. Some institutions offer free overdraft protection, which helps consumers to transition into the new concepts of using electronic instead of paper money. If consumers are hit with too many unexpected account fees, financial institutions will come up short on the promises of cheaper and easier financial transactions. Limits on transactions, particularly teller transactions, can also discourage new customers. People new to the mainstream financial institution system generally need more personalized service and one-on-one interaction.

When designing account products to serve the immigrant community, it is important that financial institutions keep in mind factors that may make accounts more appealing or accessible. With regard to checking accounts, many recent immigrants are reluctant to use checks because they do not have the confidence to write the payment information in English. If a financial institution can accept checks written in Spanish, it would be helpful to share that information with new account holders. In the area of savings, savings accounts that reward small incremental savings are effective when serving lower-income individuals who do not have significant personal savings. For example, waiving the fee if an individual deposits a set amount into the account every month may be an appropriate savings product. It is also helpful to let people know that having an account is the first step in a relationship that could lead to access to credit, including consumer and home mortgage loans.

3. Supplemental Services that Serve as a Bridge Between Using Cash for All Transactions and Using Financial Institutions Can Make the Transition Process Smoother and Easier for Newly Banked Immigrants

There are three service areas that are particularly helpful for recent immigrants: international wire transfer services, offering low cost money orders, and Spanish language service and literature.

Wire Transfer Services

For many recent immigrants, sending money to Mexico is a key financial activity. Out in the community, record stores, furniture shops, clothing stores, and convenience stores provide wire transfer services. Financial institutions can also offer a competitively priced wire transfer product to send money to Mexico. Both the World Council of Credit Unions and the Independent Community Bankers of America have partnerships with international wire transfer service providers to allow their members to enter the consumer wire transfer market. In early 2004, the Federal Reserve Bank and the Bank of Mexico launched a new system to transfer money to Mexico, the Automated Clearinghouse (ACH). ACH allows for easy and inexpensive bank-to-bank money transfers.

In general, international money transfer products are more accessible if they are simple and quick to use. Products are more marketable if they offer flexible options for family members abroad to pick up the money, to accommodate individuals from rural areas and areas without convenient access to financial institutions. Exchange rate and pricing disclosures are also essential components of a good wire transfer product.

Money Orders

People who do not have checking accounts are accustomed to using cash and money orders to pay bills. Providing low cost money orders can help with the transition process from being unbanked to full usage of banking services.

Spanish Language Service and Literature

Many recent immigrants are not comfortable conducting financial transactions in English. Having Spanish speaking customer service representatives or tellers available at all times at branches that serve the Mexican immigrant population is important to ensure that people coming into the institution have a positive experience and feel comfortable. Spanish language literature helps Spanish speakers understand their options and become better consumers of financial services.

TEXAS FINANCIAL INSTITUTION SURVEY: SUMMARY RESULTS¹⁶

Texas Appleseed surveyed 33 financial institutions between October 2003 and January 2004. The banks and credit unions were selected based on their inclusion in lists of financial institutions accepting the matrícula consular card or through media reports of programs serving Latinos or Latino immigrants in Texas. The survey information was compiled primarily through collecting information from financial institution websites. Any information not available through financial institution websites was collected through telephone conversations with customer service representatives.

Overall, the array of accounts and services offered by the Texas financial institutions surveyed included many elements of the guidelines presented in the previous section.

1. Accepting the Matrícula Consular As Identification and Providing Assistance in Completing and Submitting Required Tax Forms

Most of the financial institutions surveyed accept the matrícula card.

Of the 33 institutions surveyed, 29 accept the matrícula consular as one form of identification to open an account. Most require one or more additional documents to open an account, such as:

- a. A bill with an address and name of the account applicant;
- b. A second form of identification, including a foreign passport or voter identification card;
- c. A permanent address in both the United State and Mexico;
- d. An old bank statement; or
- e. W-7, W-8BEN, or W-9 forms.

Three of the institutions that accept the matrícula consular require a U.S. passport or Social Security number in addition to the card.

Although most institutions surveyed accept the matrícula consular, the survey found practical barriers customers may encounter in using this card. Institutions that require a Social Security number or other U.S. identification that requires a Social Security number, in addition to the matrícula card, are excluding the large group of matrícula card holders who do not have a Social Security number. There was also frequent confusion on the part of customer service personnel about the matrícula card. It often took one or two telephone transfers to find a person who knew about the card and the financial institution's requirements for opening an account using the consular identification card. For a group of people tentative about approaching financial institutions to begin with, having a confusing or negative experience with customer service staff could turn them away and make it unlikely for them to return.

¹⁶ Please see Appendix A and Appendix B for detailed survey results.

Nine of the institutions surveyed require that an individual opening an account with a matrícula card file forms with the IRS, most commonly the ITIN application form (W-7) and the W-8BEN.

Six of the institutions provide the necessary paperwork. Generally they help in filling out the W-8BEN, but not the ITIN application. Only one institution reported that it helps in filing the ITIN application.

The easier an institution can make it for individuals to open an account the better. It is crucial that financial institutions at least make available all required forms for opening a savings or checking account. Helping individuals to file necessary forms makes the process of opening an account less overwhelming and intimidating.

2. Offering Low Cost Account Products Makes Financial Institutions More Accessible to Immigrant Populations and Highlights the Cost Savings Aspect of Using a Financial Institution

Demonstrating that using financial institutions saves money is an important selling point for recent immigrants. Therefore, it is important for financial institutions to offer account options that save people money.

A free checking account with unlimited transactions and an ATM or Check Card is generally appealing to newly banked individuals. However, it is important to note that such accounts are only ideal if the individual is knowledgeable about how to correctly use the account. Overdraft and non-sufficient funds (NSF) fees can make such accounts unaffordable for the inexperienced user and turn newly banked individuals away from using formal financial services. Of the institutions surveyed:

- Twenty of the 33 institutions surveyed offered “free checking” accounts that do not require direct deposit and do not have a minimum monthly balance requirement.
- The minimum opening balance for the “free” accounts ranges from \$0 to \$100.
- One institution offered free checking if \$25 per month is transferred from a checking to a savings account.
- Non-sufficient funds fees ranged from \$20 to \$35.
- Twenty of the 33 institutions surveyed offered overdraft protection through drawing on a savings account balance. The fees charged for this service ranged from \$2 to \$10 per transfer.
- Twenty-five of the financial institutions offer courtesy pay or a revolving line of credit for overdrafts. Limits under these plans were generally between \$300 and \$500, with one institution offering as much as a \$5000 line of credit for account overdrafts. Fees to use these services generally ranged between \$10 and \$30. Little or no information was provided regarding any interest charges on the overdraft amount or fees to initiate courtesy pay or the lines of credit.

Savings accounts with minimum balance requirements of at most \$200 to avoid monthly fees are more accessible to lower income individuals than accounts with higher minimum

balance requirements. With the current low interest rates, there is little incentive for individuals to hold a savings account and pay a monthly fee to maintain it. Over half of the financial institutions surveyed offered savings accounts with minimum balance requirements at or below \$200.

- Sixteen institutions offer savings accounts with a minimum balance requirement of no more than \$100 to avoid monthly fees.
- Three institutions offer savings accounts with a minimum balance requirement between \$150 and \$200 to avoid monthly fees.
- Two institutions offer a special savings account feature that allows for the monthly fee to be waived if a monthly deposit is made into the account.

Generally, simpler account fee structures are easier for new account holders to manage. Savings accounts that offer incentives for monthly deposits are a great way to encourage lower income customers to open savings accounts and build assets within financial institutions.

The *America Saves* program, developed as a collaboration between the Consumer Federation of America and the Ford Foundation, works under a similar premise, with individuals committing to save a specified amount every month. In return, they receive informational support and personal encouragement as they work towards savings goals. This program was developed as a result of many years of research into strategies that encourage individual savings and follows the model of requiring consistent savings deposits of amounts as small as \$10.¹⁷

3. Supplemental Services that Serve as a Bridge Between Using Cash for All Transactions and Using Financial Institutions Can Make the Transition Process Smoother and Easier for Newly Banked Immigrants

Three supplemental services offered at financial institutions are particularly helpful in facilitating the transition from using only cash to using financial institution products and services. The services are international wire transfers, money orders, and Spanish language customer service and Spanish language account literature.

International wire transfers can be a very important service for recent immigrants from Mexico and are often viewed as a “hook” for bringing people into formal financial institutions. Wire transfer options that do not require the recipient to hold a financial institution account are more practical for immigrant needs, as many middle class and low-income families in Mexico do not have accounts with financial institutions. Banks and credit unions have begun to compete with non-bank money transfer businesses but there remains great growth potential for financial institutions in the remittance market.

¹⁷ http://www.americasaves.org/back_page/who_we_are.cfm, 3/17/04.

Of the institutions surveyed:

- Eight of the institutions offer wire transfer products to Mexico that are priced in line with non-bank services and do not require the recipient to have an account in a financial institution.
- Though none of the institutions surveyed marketed their regular accounts as remittance accounts, any account with international ATM access can be used to transfer money from the U.S. to family in Mexico. This can be an easy and inexpensive option if family members have access to a compatible ATM machine, particularly if the account offers two ATM cards, one card for a family member in each country.

Making low-cost money orders available at a financial institution helps with the transition from using cash to using non-cash payment systems. Many recent immigrants who open accounts will open a checking account but continue to use money orders and cash to pay bills, as they are not comfortable writing checks in English or are simply not familiar with how to use checks. Making money orders available helps to ease the transition away from cash only transactions and make services more convenient for the new customers. Our survey revealed that:

- Of the 33 institutions surveyed, four offer money orders for between \$0.50 and \$1, a rate comparable to that charged by retail outlets.
- One institution offers free money orders to all account holders. One institution offers free money orders with certain checking accounts.

Finally, offering customer service and product literature in Spanish is important in serving the Mexican immigrant population. It is clear that people will feel more comfortable in a place where their language is spoken and they can understand all of the necessary information to make account and product decisions. We found that:

- Twenty-nine of the financial institutions offer customer services in Spanish.
- Seventeen offer product literature in Spanish.
- Eight institutions offer Spanish language websites.

Based on the results of the survey, Texas financial institutions offer products that meet the needs of the Mexican immigrant market. However, it is important to offer not just one product but a series of products and services to meet individual needs and to help the customer make the transition to using financial institutions a simple and beneficial one.

SUCCESSFUL BANKING AND CREDIT UNION INITIATIVES FOR REACHING MEXICAN IMMIGRANTS

This section provides an overview of successful initiatives employed by financial institutions in Texas and other parts of the United States to serve recent immigrants and other unbanked populations. Though immigrant communities have their own particular needs and barriers with regard to use of financial institutions, they also have a great deal in common with other unbanked groups:

- Unbanked individuals can be confused by the many account options, features, and fee structures and are discouraged by account products with high opening and minimum monthly balances.¹⁸
- They meet most of their financial service needs through check cashers, grocery stores, and convenience stores.¹⁹
- Financial education is necessary for people to understand their options and build a successful relationship with a financial institution.²⁰

Based on these central issues, three types of banking and credit union initiatives provide helpful ideas and successful ways of serving unbanked immigrant populations. The three initiatives are: offering financial service products and initiatives designed to serve Mexican immigrants; creating credit union or banking outlets that have the look of check cashing services but also offer regular accounts and loans; and providing financial education as part of a financial service outreach effort.

¹⁸ Robert Suro et. al., *Billions in Motion: Latino Immigrants Remittances, and Banking*, Pew Hispanic Center and the Multilateral Investment Bank, November 22, 2002, p.16.

¹⁹ *Ibid*, p.10.

²⁰ Filene Research Institute, *Serving New Americans: A Strategic Opportunity for Credit Unions*, 2003, p.54.

Financial Service Initiatives in Response to a Mexican Immigrant Community Need

Banca Facil-Easy Banking
Austin, Texas

The Banca Facil initiative originated in 2000 in response to crimes committed against Mexican immigrants in Austin, Texas.²¹ Forty-seven percent of all robbery victims in Austin were Hispanic, whereas Hispanics comprised only 30 percent of the City population. The Austin Police Department partnered with the local Mexican Consulate, the Secretary of State, the Greater Austin Hispanic Chamber of Commerce, and Wells Fargo Bank to find a solution to the crime problem.

The Austin Police Department had determined that a root cause for the elevated rate of robbery against Hispanics in Austin was directly linked to the large amounts of cash unbanked workers carried on paydays. Wells Fargo offered a solution. The bank agreed to accept the Mexican Consular identity card, the *matrícula consular*, to open accounts. At that time, most financial institutions required a state issued identification card and Social Security number. Wells Fargo also had the staff and banking infrastructure to provide access to services, with 59 Spanish speaking staff and 43 locations in Austin. In addition, the bank had an existing partnership with Mexico's Banamex Bank, which increased the access people would have to funds via ATM cards in Mexico. This was an important feature, as the target population, largely from Mexico, wanted assurances that they could access their money even if they were outside of the United States.

In May of 2001, the Banca Facil initiative was officially launched. The Austin Police Department and the Mexican Consulate staff continue to conduct broad-based community outreach efforts to let people know that the police are there to serve and help them and to encourage people to open bank accounts as a way to increase their personal safety and protect their assets from robbery.

Wells Fargo found the program so successful that they expanded it to all their branches nationwide. In the last three years, they have opened more than 250,000 accounts with *matrícula consular* cards, with a monthly average of 22,000 new accounts in recent months.²²

In January of 2002, the Police Departments of Dallas and Fort Worth launched a similar initiative, called Communities Banking for Safety.²³ They partnered with the Mexican Consulate in Dallas, the Federal immigration services, and six financial institutions: Wells Fargo, Surety Bank, Bank One, J.P. Morgan Chase, City Credit Union, and First State Bank.²⁴ As part of the partnership, each of the financial institutions agreed to accept the

²¹ The information on the Banca Facil initiative is based on the City of Austin press release, "Police, Business, Civic Groups Partner to Promote Safety of Immigrants," May 2, 2001, and conversations of the author with program partners.

²² *San Francisco Business Times*, "Wells Fargo Matrícula Card Accounts Pass Quarter Million Mark," October 24, 2003, <http://www.bizjournals.com/sanfrancisco/stories/2003/10/20/daily>, 1/20/04.

²³ Press Release No. 4, Consulate General of Mexico, Dallas, Texas, January 17, 2002.

²⁴ "Banking on Safety: Banks Accept Alternative ID to Fight Crime and Reach New Markets," *e-perspectives*, Volume 2, issue 1, 2002. http://www.dallasfed.org/ca/epersp/2002/1_2.html. 2/16/2004.

matrícula consular as identification to open accounts. The Dallas and Fort Worth Police Departments organized community outreach events, with federal immigration officials present to assure community members that they do not make general information requests to financial institutions for immigration purposes.

New Alliance Task Force
Chicago, Illinois

The New Alliance Task Force was launched in May of 2003 as a partnership of the Mexican Consulate, the FDIC, and over 30 financial institutions and 25 community organizations.²⁵ Among the partners are Fannie Mae and Freddie Mac, the Federal Reserve Bank of Chicago, the Office of Thrift Supervision in Atlanta, small independent banks and the largest banks in the nation. The main purpose of the Alliance is to “enhance the economic well being of immigrant communities working and living in the United States by improving access to the U.S. banking system, providing financial education, developing innovative bank products and loan programs, and offering opportunities for higher education.”²⁶

The Alliance has four working committees: financial education, bank products and services, mortgage products, and social projects. The financial education working group seeks to expand the availability of financial education for immigrant communities. As part of the group work, the Mexican Consulate of Chicago is launching a financial education program at its new community center. Local banks have donated ATM machines to the center to help people learn how to use them and approximately 18 organizations are planning to contribute to the Consulate initiative.²⁷

In the area of bank products, the Alliance encourages account products that also provide access to international money transfer services. One common product offering is to provide individual access to two ATM cards, so that one may be sent to family members in Mexico or other countries. According to the working group, around 20 banks in the Midwest offer accounts with a feature designed to serve immigrants’ international money transfer needs.²⁸

The mortgage products working group has developed a model home mortgage loan product that is designed for immigrants with or without Social Security numbers. It is based on successful loan programs of Second Federal Savings and Loan in Chicago and Mitchell Bank in Milwaukee, Wisconsin. Both of the institutions lend to individuals who do not have Social Security numbers. Because of restrictions on the secondary market, they hold those loans in their portfolios. The Second Federal program, which has been offered for five years, has a low late pay rate and a zero default rate. The Mitchell Bank product, which has been on the market for one year, has a zero late pay and default rate.²⁹

²⁵ Consulado General de Mexico, Chicago, IL, “New Alliance Task Force Announces Preliminary Results,” December 10, 2003.

²⁶ *Ibid.*

²⁷ New Alliance Task Force, “Financial Education Working Group.”

²⁸ New Alliance Task Force, “Bank Products & Services Working Group.”

²⁹ New Alliance Task Force, “New Alliance Task Force Home Mortgage Model Loan Product,” p.1.

The social projects working group focuses its efforts on the education of immigrants. They are currently considering a scholarship program for young Mexican students and supporting a Mexican government educational effort.³⁰

The New Alliance Task Force is an innovative program. The impact potential of the Task Force is great because it brings together a strong group of partners with the capacity to build on existing initiatives to increase immigrant access to financial institutions. The Alliance includes financial institution regulators, the Mexican Consulate, financial institutions, organizations that work directly with immigrant communities in Chicago, and policy and research organizations focused on issues related to poverty and access to financial institutions. It pools knowledge and resources to provide necessary banking products and services to help the Chicago Mexican immigrant community build for the future.

³⁰ New Alliance Task Force, “Social Projects Working Group.”

First Bank of the Americas³¹
Chicago, Illinois

The First Bank of the Americas is a unique institution, launched in 1998 specifically to meet the financial service needs of the low to moderate-income Mexican and Mexican-American communities in Chicago. It is a Community Development Financial Institution (CDFI). The bank's mission is to be "the primary financial institution for the unbanked and fringe-banked citizens of the communities we serve while building capital for our stakeholders."³² Although the bank has received substantial subsidies and grants as a CDFI, it expects to be profitable without using subsidies in the long-term.

The bank uses a community-centered strategy for both its marketing and its product offerings. There was a realization early on that word of mouth is the most effective way to publicize services. Therefore, the bank focused on building community relationships and hiring staff from the community. The bank created a board of advisors from the community to build community trust and to keep track of community financial service needs.

The bank offers a number of basic accounts, including a free checking account, an Electronic Transfer Account (ETA) for those receiving federal benefits, an expanded electronic account that allows deposits from sources other than the federal government, and low minimum balance savings accounts. The free checking account has a \$100 opening balance and no minimum balance. There is no limit on teller transactions, but they do limit free phone banking transactions and inquiries to four per month. The two electronic accounts have a \$3 per month fee. The two basic savings accounts have a \$100 minimum balance requirement to avoid the \$5 monthly fee. One of the accounts offers an ATM card.

On the lending side, First Bank of the Americas has been working to refinance sub-prime consumer and home mortgage debt as well as offer new loans. In its first few years of operation, the bank refinanced 150 home mortgage and home equity loans and 1,600 consumer loans.

The bank also offers supplemental services that meet specific community needs. They have an electronic bill payment system set up with local utilities and also offer electronic bill payments through Automatic ClearingHouse debits. They provide low cost money orders for people who are not ready to make automatic payments or use a checking account.

³¹ The information in this section was taken from: Marva Williams and Kimbra Nieman, *The Foundations of Asset Building: Financial Services for Lower-Income Customer*, Woodstock Institute, January 2003, pp.25-30, through telephone interview conducted by the law firm of Hogan & Hartson on March 11, 2002, and Pamela Voss, "Serving Chicago's Mexican-American Community," *Community Development*, Office of the Comptroller of the Currency, Summer 2002.

³² Pamela Voss, "Serving Chicago's Mexican-American Community," *Community Development*, Office of the Comptroller of the Currency, Summer 2002. The bank is a Community Development Financial Institution and received a \$100,000 technical assistance grant and a \$1 million dollar equity investment from the CDFI Fund, in addition to \$2 million in private capital to launch the institution. In 2000, the bank received a CDFI grant of \$935,684, and in 2001 it received a grant of \$328,875.

In order to serve the recent immigrant population from Mexico, they accept the matrícula consular card for opening accounts and have partnered with the IRS to expedite processing of Individual Tax Identification Numbers. A feature of their free checking account, called Quick Cash, facilitates the transmission of money to Mexico. Customers receive two ATM cards for the checking account, so that one may be sent to Mexico. Debits can be made on the account at any ATM that is part of the Cirrus network for a \$1.50 transaction fee. The bank is also working with the Mexican government to reach communities that have ATM access to set up a system whereby remittance receivers set aside a small portion of their remittance money to support economic development and micro lending in their community.

In addition to account and lending services, the bank has expanded its presence in the community through specialized education programs. They are partnering with ACCION Chicago to offer entrepreneurial classes supported by a small business lending program. They offer a financial education program through the Catholic Archdiocese of Chicago and English as a Second Language classes. Finally, they have a school-based banking program to teach students about financial management and to access parents through their children (see the following section for more details on the school-based banking model).

The bank makes its money primarily from the spread between capital costs and proceeds from loans. Their loans are offered at lower fees and interest rates than individuals would receive from non-bank financial services available in the community. They also benefit from product cross selling opportunities. Fee income is not viewed as a major source of revenue. Their success is based on maintaining strong community relationships, as a means of gaining community trust, and ensuring that their product offerings evolve in response to changing community needs.

Bank and Credit Union/Check Casher Hybrids

Union Bank of California “Cash and Save” Program³³
Southern California

Union Bank of California launched its Cash and Save program in 1993. The idea behind the program was to serve low and moderate income unbanked individuals by creating an outlet that provided all of the familiar services of check cashing outlets while also providing an entry point into banking services.

The bank has 12 Cash and Save branches that are located in bank branches, grocery stores and retail outlets in Central California, Los Angeles, Long Beach, Orange County, and San Diego. The branches serve approximately 10,000 to 12,000 customers per week and have a total of about 133,000 customers. Staffing for the branches comes from the community where the branch is located.

Each branch offers a combination of banking and check cashing services in a storefront that appears similar to that of conventional check cashers. The services on the check cashing side include check cashing at rates below the competition, money orders, money transfers, prepaid telephone cards, bus tokens and passes, postage stamps, copying, and faxing.

On the banking side, they offer a number of basic services. Customers can open a basic checking account, which has a \$1 minimum deposit and \$3 monthly fee and five check per month limit. They have flexible standards for opening accounts, allowing individuals to open checking accounts with outstanding overdraft fees of \$100 dollars or less, a ChexSystems record of one year or older that has been repaid, or records of unpaid debt that are three years old or older if there is not criminal activity involved. The branches offer a NestEgg savings account with a minimum opening deposit of \$10 and no monthly fee. This account does not come with an ATM card but can be combined with another offer that provides six free money orders per month, with the \$10 per month fee waived for the first year. The branches also accept the matrícula card and ITIN numbers to open accounts, offer money transfers through MoneyGram, offer secured and unsecured credit cards and loans, and provide financial counseling. To support their outreach to non-English speaking communities, they offer multilingual information materials.

Using this model, Union Bank of California has transitioned 40 percent of its repeat check cashing clients into bank accounts. Cash and Save branches have profit margins of 20-25 percent with a break even period of 12 months for in-bank branches and 30 months for stand alone branches. Locating in densely populated areas decreases the amount of time it takes for the Cash and Save branches to become profitable.

³³ The information in this section was taken from: Marva Williams and Kimbra Nieman, *The Foundations of Asset Building: Financial Services for Lower-Income Customer*, Woodstock Institute, January 2003, pp.15-23; and “Union Bank of California: Changing the Face of Fringe Banking,” CBA Reports, http://www.cbanet.org/issues/financial_literacy/documents/UBOCwebstory.pdf, 2/16/03.

SSA Baltimore Federal Credit Union³⁴
Baltimore, Maryland

In 2003, the SSA Baltimore Federal Credit Union began an outreach initiative to low-income areas of Baltimore, which encompass much of the city, after receiving an Underserved Addition to their charter. The credit union developed the concept of Neighborhood Contact Offices as a result of exchanges with community-based organizations. Neighborhood Contact Offices are mini credit union branches in the target community set up in community organizations or established community businesses.

The primary barrier to opening a full service branch in the areas of Baltimore with the greatest need was a very high crime rate and uncertainty about the return on investment. Neighborhood Contact Offices (NCO) were launched to fill a community need by offering expanded financial services to community members in places where people are most comfortable. The NCO's currently exist in two locations, a church off of a main road, and in a check cashing outlet, ABC Check Cashers. Three other locations are also being launched.

The offices have part-time hours, between 20 and 30 hours per week, and offer full credit union services, including checking and savings accounts, an individual development account program, and loan origination. The main difference between these offices and a bank branch is that they do not have any cash on hand in order to mitigate security risks. One location has an ATM available, which was purchased by a community-based organization and is free to credit union members. ABC Check Cashers cash checks from the credit union at a reduced cost for clients who are more comfortable using aspects of their old financial service systems. The credit union in turn guarantees all credit union checks. The credit union offers free checking with no minimum balance and unlimited transactions. It also offers emergency loans in addition to conventional loan products.

The program is in its early phases, but based on experience up to this point, the Office located in ABC Check Cashing has proved the most successful, with the highest volume of transactions. As of December of 2003, 406 accounts were opened. The average deposit balance for accounts opened at that location is \$729. The average amount for loans taken out at that location is \$2,259.

The model has so far proved successful. There is low overhead because of collaborations with community partners and shared locations. Profits earned from fees, ATM surcharges, and interest income more than cover the costs of the program. For all underserved areas served by the credit union, there was a 53 percent return on investment.

³⁴ The information cited in this section comes from a presentation by Jack Houseknecht, CEO of SSA Baltimore Federal Credit Union at the Partnering and Leadership Successes (PALS) Alternatives to Predatory Financial Practices Workshop in Dallas, Texas, January 26, 2004, sponsored by the National Credit Union Administration.

Keys to success include developing strong community partnerships, locations that are easily accessible and where people usually come to carry out financial transactions, and marketing in a way that responds to community needs.

Financial Education Initiatives

El Paso Affordable Housing Credit Union Service Organization
El Paso, Texas

The El Paso Affordable Housing Credit Union Service Organization (CUSO) was formed in January of 2002 by eight El Paso area credit unions with the goal of providing access to home mortgage loans for underserved communities (predominantly Latino) in El Paso. Financial education has been a central component of the new mortgage lending programs initiated by CUSO, which include a lease purchase program and 20- and 30-year fixed rate mortgage products.

CUSO requires program participants to complete a homebuyer education course. To meet the specific needs of the target population, the organization developed its own curriculum in English and in Spanish. As of April of 2004, 1790 low-income individuals had participated in the homebuyer education courses through local churches, community centers, and housing authorities.³⁵

As a result of CUSO's outreach into low-income Latino communities in El Paso and its financial education classes reaching over 3000 individuals, the eight participating credit unions have seen a noticeable increase in the number of new savings accounts. At least 2500 new first accounts have been opened since the program was launched.³⁶

In addition to its homebuyer education initiatives, CUSO has taken a lead on providing high school financial education in the El Paso area. The organization translated the National Endowment for Financial Education high school curriculum into Spanish and as of April 2004, had reached over 1000 El Paso high school students.³⁷

CUSO supports its financial education initiatives through proceeds from the mortgage lending programs. Financial education is an important component of the success of CUSO's mortgage lending programs. Particularly when working with low-income and newly banked individuals, financial education is a central component of successful home mortgage lending and a great way to start an individual's relationship with a financial institution.

³⁵ Al Beltran, "Serving the Underserved: Initiatives to Broaden Access to the Financial Mainstream," Testimony on behalf of the Credit Union National Association before the House Financial Institutions Subcommittee, June 26, 2003.

³⁶ Texas Credit Union League, "Serving The New American," and information from Larry Garcia, program director, May 18, 2004.

³⁷ Credit Union National Association, *Credit Unions Serving Hispanics: A National Perspective*, p. 68 and information from Larry Garcia, program director, May 18, 2004.

Mitchell Bank
Milwaukee, Wisconsin

Mitchell Bank was founded in the early 1900's and served German and Polish immigrants as its initial clientele. As the demographics of its service area have changed, so have the marketing focuses of the bank. In the 1990's there was a rapid increase in the Hispanic immigrant population in Milwaukee leading Mitchell Bank to undertake initiatives to understand and serve the needs of that community.

One program implemented by the bank is called Cardinal Bank. Launched in 2000, Cardinal Bank is a full-service bank operated by high school students in a school that is 70 percent Hispanic and includes over 300 undocumented families.³⁸ Cardinal Bank has been successful not only in teaching students about managing money and using banking services but also in conducting outreach and education for parents.

The bank is unique in its approach in that it targets the students, the parents, and school staff. They offer a full array of accounts as well as loans. The bank also cashes checks for families and assists with W-7 applications.³⁹

Cardinal Bank has been a successful branch. In three years of operation, it has opened 600 new accounts for families that were previously unbanked. As of June 2003, Cardinal Bank had nearly \$900,000 in deposits and over \$200,000 in loans to parents and school staff. In addition to growing activity in the school branch, the bank's main branch experienced an increase of over 6000 transactions in the three-year period; 75 to 85 percent of the new accounts at the main branch are held by Latinos, the majority of whom were previously unbanked. Mitchell Bank also had gained revenue through ATM usage at the school by non-bank customers.⁴⁰

Students running the bank receive training in skills required to maintain the bank, including marketing, opening accounts, balancing the vault, and various customer transactions.⁴¹ The entire student body benefits from having the bank in their school. They learn how to use banking services and they learn about the importance of saving. Cardinal Bank has opened hundreds of accounts and provided loans to customers. It has also been a vehicle for positive publicity for Mitchell Bank.

School-based bank and credit union branches are desirable from many angles. They work at many different grade levels, from elementary school to high school; they provide financial education to students and their parents; they teach the value of savings; they serve as a means to introduce unbanked families to the formal financial service sector; and they provide positive community relations for the participating financial institution.

³⁸ Power Point presentation prepared by Mitchell Bank, December 10, 2003.

³⁹ Power Point presentation prepared by Mitchell Bank, December 10, 2003.

⁴⁰ Power Point presentation prepared by Mitchell Bank, December 10, 2003; Manuel Orozco, "Costs, Economic Identity and Banking the Unbanked," *Inter-American Dialogue*, March 26, 2003, p.9.

⁴¹ http://www.mitchellbank.com/c_cardinal.htm, 2/20/04.

Running a successful school-based branch requires the full support of the sponsoring school. Teachers must be actively involved in the project in order for it to succeed. It is helpful to have financial education support offered to students in the classroom and to have direct contacts between staff of the sponsoring financial institution and the school-based branch.⁴²

⁴² Marva Williams and Kimbra Nieman, *The Foundations of Asset Building: Financial Services for Lower-Income Customer*, Woodstock Institute, January 2003, p.36.

San Antonio City Employees Federal Credit Union⁴³
San Antonio, Texas

The San Antonio City Employees FCU (CEFCU) has set up a partnership with the City of San Antonio to offer financial education courses to the city's seven Learning and Leadership Development Centers, centers set up for adult basic education and General Education Development (GED) preparation. The centers are open to anyone wishing to enroll.

The CEFCU made an agreement with the city to teach classes to GED students at the centers and train volunteers to teach classes.⁴⁴ They used the National Endowment for Financial Education (NEFE) curriculum,⁴⁵ which is available to individuals and organizations at no charge. CEFCU offered classes in financial planning, cash flow, spending and saving, credit and debt management, insurance needs, savings and investments, and homeownership and small business opportunities. All those who complete the course receive special recognition.

The program began in September of 2002. It was well received and experienced attendance growth throughout the seven educational units. The success of the pilot has led to the City of San Antonio expanding its NEFE course offerings to the Department of Community Initiatives Elderly and Disabled Division and its Youth Opportunities Program. The Director of Community Initiative Department has made the financial education course mandatory for all 700 department employees and thus far, 160 have attended classes.

In addition to its expanded adoption within the city government, a number of community-based organizations have adopted the financial education classes. In addition, the credit union is also offering course sessions to its staff.

As of June 2003, CECU had trained 75 volunteers. Over 1,200 city employees and program participants have completed the course. An abbreviated version of the program has been completed by a large number of adults through an education program sponsored by the Consumer Credit Counseling Services of San Antonio.

This program has been successful largely because it worked through existing organizational and class structures to provide financial education. Other financial institutions that have tried to offer financial education at their branches have had limited success. Attendance at financial education seminars is best if there is a captive audience, one already going to the sponsor organization for another purpose.

⁴³ The information cited in this section comes from a presentation by Larry Heitzman, Business Development Manager, San Antonio City Employees FCU at the Partnering and Leadership Successes (PALS) Alternatives to Predatory Financial Practices Workshop in Dallas, Texas, January 26, 2004, sponsored by the National Credit Union Administration.

⁴⁴ The program received support from the Texas Credit Union Foundation and the Credit Union National Association.

⁴⁵ The NEFE English language curriculum can be ordered free of charge from the Internet at: <http://www.nefe.org/pages/educational.html>. The Spanish version is available for download at: www.cuna.org/initiatives/youth/index.html.

For the credit union, offering the classes has been a successful community service experience. Their mission is to serve the San Antonio community and to assist low-income families. This program supports their mission and establishes the credit union as a good corporate citizen in San Antonio.

CONCLUSION

Serving Mexican immigrants and other recent immigrant populations can be a successful venture for financial institutions. However, it takes time to learn about local community needs and barriers people face in accessing and using financial institution services.

Offering access to financial institutions and an appropriate package of products is a solid foundation from which to begin serving this population. As noted, it is encouraging to know all of the products identified as important to this market are present in at least some Texas financial institutions. Institutions looking to market to and serve the Mexican immigrant community may want to consider the product offerings identified in this report and to supplement the information in this report with information specific to the communities targeted for service.

The successful models highlighted in this report demonstrate how creative approaches to serving a new community can be effective. These financial institutions have examined ways to fit into the comfort zone of immigrant communities and thus become more accessible and welcoming to potential customers.

The Mexican immigrant population continues to grow at a rapid rate in Texas and new areas of Texas are becoming immigrant destinations. Financial institutions all over Texas will profit from serving this community and the community will benefit from lower cost financial services and opportunities to have fairly priced credit. It is a win-win scenario for all involved.

APPENDIX A: DETAILED SURVEY RESULTS

Financial Institutions Surveyed

This study presents data collected from 33 financial institutions operating in Texas. The institutions include eight multi-state banks (banks that operate in multiple states), 15 Texas banks (banks that primarily operate in Texas), and ten credit unions. They were selected based on an identified interest in serving Mexican immigrants. Their interest was identified by media coverage regarding outreach to the Mexican immigrant community or in lists from the Mexican Consulate, in publications, or lists supplied by trade organizations that indicate they accept the matrícula consular.

Multi-State Banks:

Banco Popular	Metro Bank
Bank One	Washington Mutual
Bank of America	Wells Fargo
JPMorganChase	Whitney National Bank

Texas Banks:

Commerce National Bank	Lone Star National Bank
First National Bank	Marfa National Bank
First Presidio Bank	South Texas National Bank
First State Bank	Sterling Bank
Fort Davis Bank	Surety Bank
Frost Bank	Texas State Bank
International Bank of Commerce	West Texas National Bank
Laredo National Bank	

Credit Unions

Border Federal Credit Union	Members Trust of the Southwest Federal Credit Union
City Credit Union	Neighborhood Credit Union
Community Credit Union	San Antonio Federal Credit Union
El Paso Bell Federal Credit Union	Security First Credit Union
Government Employees Credit Union	Velocity Credit Union

Methodology

The purpose of the survey was to identify how well existing services at Texas financial institutions meet the needs of the Mexican immigrant market. The survey was conducted between October 2003 and January 2004 and reflects account information provided at the time of contact with the financial institutions. Information was collected through financial institution websites and from customer service employees at each institution who were contacted by telephone and asked to respond to questions pertaining to their product and

service offerings. Conducting the survey through the Internet and by telephone was a way to gather the same information and receive service similar to a typical customer. Any errors reflect the information provided to us through the above survey process. The survey design is based on the target products and services set forth on page 5 of this report.

Survey Results

The following survey results present an overview of account and supplemental service offerings. Please see APPENDIX B for a matrix with all of the account and service information for each of the surveyed institutions. The results are divided into three categories: multi-state banks, Texas banks and credit unions.

Multi-State Banks

Checking Accounts

Seven of the eight multi-state banks surveyed consider the matrícula consular acceptable identification for opening checking accounts for individuals without access to United States identification cards. One bank requires a U.S. passport or other U.S. identification document in addition to the consular identification card.

Opening Deposit: One bank has an opening deposit of \$100. The others range from \$1 to \$50.

Minimum Balance: Six of the accounts have no minimum balance and the two remaining accounts waive the minimum balance and monthly fee if direct deposit is utilized.

Monthly Fees: Three of the eight banks surveyed provide free checking accounts without direct deposit. The monthly fees for the remaining banks' services range from \$4 to \$10 monthly if direct deposit is not utilized. One bank waives the account fee if \$25 per month is transferred from the checking to a savings account at the bank.

Transactions: One of the banks limits free teller transactions to eight per month. Four banks limit the total number of free debits to between eight and 40 per month. Four banks allow unlimited withdrawals and teller transactions.

Savings Accounts

Seven of the eight multi-state banks surveyed offer savings accounts to individuals opening accounts with matrícula consular cards who have no United States issued identification document.

Opening Deposit: Opening deposits of the accounts range from \$3 to \$300.

Minimum Balance: The minimum balance to avoid monthly fees ranges from \$250 to \$500. One bank offers the option of transferring \$25 from the savings account to the checking account for 12 consecutive months in order to establish no minimum balance.

Monthly Fees: Fees range from \$3 to \$5. One bank offers a savings account free of the monthly fee if direct deposit is utilized. Another bank requires that \$25 be transferred from checking to savings every month in order to avoid the monthly fee.

Transactions: One account provides two free in-bank transactions per month. All accounts limit free withdrawals. One account allows one free withdrawal and one deposit per month. Other savings accounts allow between two and six free transactions per month.

Interest Rates: Currently interest rates vary from 0.10 to 0.40 percent.

Overdraft Protection and Insufficient Funds

Of the eight multi-state banks surveyed, seven offer overdraft protection in varied forms. Many banks have multiple options for overdraft protection. Six of the multi-state banks offer overdraft protection on a line of credit that must be applied for. Six multi-state banks offer automatic savings account transfers upon overdraft, and three multi-state banks offer bank credit cards as an alternative to overdrawing. Use of the aforementioned products typically comes with fees, although not all banks specified their fees. If overdraft protection is not offered by the bank or authorized by the customer, insufficient funds fees range from \$28 to \$33.

Remittance Products

Two of the multi-state banks surveyed offer alternative remittance options and all offer traditional wire transfers. One bank offers two options to send money to Mexico, one that requires both the sender and recipient to have a bank account and another that requires neither to have an account. The option that requires bank accounts allows money to be deposited into a special transfer account for transfer to a Bancomer account in Mexico. The charge is a \$10 fee per deposit and transfer. Up to \$1000 may be transferred at one time. A designated beneficiary, with a Bancomer account, can withdraw the funds in Mexico. The bank is also piloting a program that allows non-account holders to remit funds to Bancomer at the same rate, \$10 per \$1000. Under this program, neither the sender nor the recipient is required to have a bank account.

Another bank has a money transfer product where they issue two stored value ATM accessible cards to the account holder. One of the cards can be sent to a beneficiary in Mexico. This account can be accessed for multiple withdrawals both in Mexico and in the United States. The initial fee for starting the account is \$25 and each deposit costs \$10, with a maximum deposit of \$500 per day. After each new deposit, the first withdrawal is free. A fee is charged for subsequent withdrawals and for certain account inquiries using ATM machines.

Another option for money transfer offered by all the banks is a traditional wire transfer. When sending internationally, these cost from \$20 to \$45. Traditional wire transfers generally require the sender and recipient to have a bank account.

Additional Transaction Options

Money Orders: All the banks provide money orders at a cost comparable to the monthly fee of a savings account, \$3 to \$5.

Online Banking: Four of the eight banks provide free online bill pay and all of them give free access to online banking.

Cash Advance: One bank has a small short-term loan program resembling payday loans. Customers with direct deposit are given access to cash advances of up to \$500 at a cost of \$1.50 per \$20, repayable within 30 days.

Texas Banks

Checking Accounts

Eleven of the 15 state banks surveyed accept the matrícula consular as a valid form of identification to open a checking account.

Opening Deposit: Opening deposits range from a low of \$.01 to a high of \$100.

Minimum Balance: Twelve of the banks offer accounts with no minimum balance. The remaining three have minimum balances ranging from \$20 to \$1000.

Monthly Fees: Eight accounts have monthly service fees ranging from \$2 to \$10. Three of these eight accounts allow fees to be waived through direct deposit or if a minimum balance of \$1000 is maintained. Nine of the accounts have no monthly fee. Three banks charge a monthly ATM usage fee.

Transactions: Two accounts limit the number of free checks written monthly on the account to between 15 and 25. One bank places a limit of 15 total free transactions per month. One bank charges a fee per ATM withdrawal.

Savings Accounts

Eleven of the 15 Texas banks offer savings accounts to individuals opening accounts with the matrícula consular card.

Opening Deposit: The opening deposits range from \$.01 to \$200.

Minimum Balance: Minimum balances to avoid monthly or quarterly fees range from \$20 to \$500. Some of the banks with higher minimum balances provide alternatives to high balance requirements. One account with a \$500 minimum balance waives the monthly fee if the customer holds a checking account with the bank. Another bank offers a 90-day grace period for accumulation of the minimum balance.

Monthly Fees: Monthly fees range from \$2 to \$5. The two banks with quarterly fees charge \$6 per quarter.

Transactions: Seven banks have quarterly limits on total free withdrawals of between three and 12. One bank allows one free teller transaction per month. Seven banks offer between one and two free withdrawals per month.

Interest Rates: Interest rates currently range from 0.25 to 1.0 percent.

Overdraft Protection and Insufficient Funds

Eleven of the 15 state banks offer overdraft protection. Six of the banks offer courtesy pay after the new customer maintains the account in good standing for a designated amount of time. Three banks offer a line of credit if the customer's credit is adequate. One bank specified that in order to qualify for a line of credit, a customer must earn roughly \$50,000 per year. Additional overdraft protection is offered to customers who authorize automatic account-to-account transfers. Four banks offer saving account to checking account transfers and one allows checking account to checking account transfers. If overdraft protection is not offered by the bank or authorized by the customer, insufficient funds fees range from \$22 to \$35.

Remittance Products

Two of the 15 banks do not provide international money transfer services. Three banks charge from \$15 (Mexico only) to \$20. The most charged is \$55.

Additional Transaction Options

Money Orders: Two state banks offer money orders free of charge to account holders and the others range from a low of \$2 to the high of \$5.07. Ten of the 15 offer money orders for \$2 or \$3 for account holders.

Online Banking: Five of the banks offer free bill pay. Four banks offer the service at a charge of between \$5.75 and \$5.95 per month. All of the banks that offer bill pay have a free online banking option.

Credit Unions

Checking Accounts

Seven of the ten credit unions surveyed offer checking accounts to matrícula consular carriers who do not have access to a Social Security number.

Opening Deposit: Two of the credit unions have no required opening deposit. Seven other credit unions require a \$20 to \$100 deposit. The final account requires that a customer maintain \$5 in a savings account to open a checking account.

Minimum Balance: Eight of the ten accounts have no minimum balance requirement and no monthly fee. Two accounts require a minimum average monthly balance of \$500 to \$1000 to avoid a monthly fee.

Monthly Fees: Eight of the ten credit unions offer free checking accounts. The remaining two have monthly fees ranging from \$4 to \$6 if the account drops below the minimum balance requirement.

Transactions: Nine of the ten accounts offer check cards. Six issue both check cards and ATM cards. Only one account has limitations on the number of monthly transactions, but all charges for transactions can be waived if the minimum balance is maintained.

Savings Accounts

Eight of the ten credit unions surveyed offer savings accounts to matrícula consular holders who do not have access to a Social Security number.

Opening Deposit: Opening deposits range from \$1 to \$55.

Minimum Balance: Minimum balances range from zero to \$250. Two accounts, with lower minimum balances only provide interest incentive to those who maintain over a certain amount in their savings accounts, ranging from \$100 to \$250.

Monthly Fees: One account charges a \$5 monthly fee if the minimum balance is not maintained.

Interest Rates: Interest rates ranged from .5 to 1 percent. Five accounts pay interest rates of 0.50 percent. Two accounts require a minimum balance in order to receive interest. One account does not offer interest on savings accounts for matrícula carriers.

Transactions: One account limits free ATM transactions to four per month. Three accounts provide six free transactions per month. Two accounts allow three free

withdrawals per month. The remaining four accounts have no limits on monthly transactions.

Overdraft Protection and Insufficient Funds

Each of the ten credit unions surveyed offer overdraft protection through savings account transfers. Nine of the ten credit unions offer courtesy pay, although some restrict access to courtesy pay to members that have remained in good standing for varying lengths of time. Seven of the credit unions offer a line of credit. If overdraft protection is not authorized by the customer or if the customer uses courtesy pay, the insufficient funds fees range from \$20 to \$35.

Remittance Products

Each of the ten credit unions offers international money transfer services. The price for outgoing transfers ranges from \$10 to \$60, with many offering transfers to Mexico in the \$10 to \$15 range.

IRnet, an international money transfer service geared towards immigrants sending money to families abroad, is employed by some credit unions. It provides transfers to Mexico at costs ranging from \$10 to \$20. The service also provides money transfer services to many other countries.

Additional Transaction Options

Money Orders: Money orders cost between \$0.50 and \$5.

Online Banking: Three of the credit unions do not have online banking options. Of the seven that do, two provide free bill pay, and five charge monthly fees of \$4.50 to \$6.95.

Financial Institution Services and Policies

Matrícula Consular

Acquiring information on the acceptance of the matrícula consular card was a complicated task at many of the financial institutions surveyed. Few of the New Accounts service representatives were informed about the card as a valid form of identification to open an account. Many representatives asked for the word to be spelled or immediately declared it invalid. Typically, persistent research on behalf of the representative helped to determine that the institution did accept the matrícula consular.

Bilingual Access

Eight of the 29 matrícula-accepting financial institutions have a website in Spanish. Almost all the financial institutions provide service in Spanish, while 17 provide translated literature.

Individual Tax Identification Number (ITIN)

Few financial institution representatives who were contacted for this survey recognized the ITIN and even fewer were able to say whether it was necessary or not for customers without a Social Security number. Some were able to locate the ITIN form in the financial institution.

Credit Check

Twenty-eight of the financial institutions surveyed that offer accounts to matrícula consular cardholders do not run a credit history check. All but one review new customer banking history through TeleCheck or ChexSystems. One of the five financial institutions that perform credit history checks only does so if the customer desires a Check Card. Another financial institution representative stated that if a customer has no credit history, the customer is subject to managerial review in order to open an account.

APPENDIX B: DETAILED SURVEY MATRIX

The following tables present all the information collected through this survey of financial institutions. Please see p.14 for a description of the survey methodology. The tables are divided into multi-state banks, Texas banks, and credit unions, and further divided into checking account information, savings account information, and by other relevant information.

Multi-State Banks

**Multi-State Banks
Checking Accounts (p. 1 of 2)**

Bank	Type	Opening Deposit	Minimum Balance	ATM Card	Check Card	Limitations on Account Transactions	Additional Features	Monthly Fee	Overdraft and Non-sufficient Funds Fees
Banco Popular	Basic Checking	\$25	None	Yes	No	8 free checks, 8 free withdrawals ATM and 8 free window withdrawals per month		\$4	Overdraft established by line of credit or through savings account. \$30 fee for non-sufficient funds.
Bank One	One Checking	\$25	None with direct deposit	Yes	Yes	Unlimited		\$6; no fee with direct deposit	Overdraft established by savings, bank credit card, or line of credit. \$30 fee for non-sufficient funds.
Bank of America	My Access	\$25	None	Yes	Yes	Unlimited		\$5.95; no fee if direct deposit or if \$25 monthly deposited in savings.	Overdraft established by line of credit, bank credit card or through savings account. \$30 fee for non-sufficient funds.
	Safe Send Account ⁴⁶	\$25	None	2 ATM cards	Yes	\$10 per deposit; maximum deposit is \$500. \$15 per deposit if made with another institution's credit or debit card. \$3000 maximum transfers in 30-day period. Unlimited free withdrawals if made from Santander Serfin ATMs in Mexico or Bank of America ATMs in US.	2 cards issued; can be used in Mexico as a check card. Same pin number on both cards. Sender and recipient must be 18. Recipient must have street address. Sender receives monthly report.	\$10 per deposit	

⁴⁶ This is not a checking account. It is a stored value card with features similar to an ATM card. It is included in this section to provide expanded information

**Multi-State Banks
Checking Accounts (p. 2 of 2)**

Bank	Type	Opening Deposit	Minimum Balance	ATM Card	Check Card	Limitations on Account Transactions	Additional Features	Monthly Fee	Overdraft and Non-sufficient Funds Fees
JP Morgan Chase	Chase Free Checking	\$1	None with direct deposit	Yes	Yes	40 free debits per month, then \$.75 per debit		None with direct deposit or \$6 per month	Overdraft protection established by line of credit (\$6 per line access), savings account (\$6 per item paid). \$30 fee for non-sufficient funds.
Metro Bank	Easy Checking	\$20	None	2 ATM cards	No	10 free checks per month, then \$.50/check		None	Overdraft protection not offered. \$28 fee for non-sufficient funds.
Washington Mutual	Free Checking	\$1	None	Yes	Yes	Unlimited	Not available for matricula carrier	None	Overdraft protection established through line of credit (\$10 per year) or savings account (\$10 per item paid). \$100 automatically available for \$30 fee per overdraft. \$30 fee for non-sufficient funds.
Wells Fargo	Free Checking	\$100	None	Yes	Yes	Unlimited	With direct deposit can get cash advances at cost of \$1.50/\$20 with a maximum advance of \$500	None	Overdraft protection established through a secured credit card requires a \$300 deposit in an account to initiate. Protection may be tied to an unsecured card after one year of good credit. \$10 charge per overdraft. \$33 fee for non-sufficient funds.
Whitney National Bank	Economy Checking	\$50	None	Yes	Yes	10 free debits per month then \$.50 per debit		\$4 per month	Overdraft protection established through a line of credit of up to \$5000 or through savings account. \$28 fee for non-sufficient funds.

**Multi-State Banks
Savings Accounts (p. 1 of 1)**

Bank	Type	Opening Deposit	Minimum Balance	Monthly Fee	ATM Card	Limitations on Account	
						Transactions	Additional Features
Banco Popular	Popular Savings	\$25	\$250 to waive \$4 monthly fee. 30 days to establish minimum balance	\$4 if below \$250	Yes	2 free withdrawals per month at bank and 4 withdrawals per month from ATM	0.40% interest rate
Bank One	Bank One Regular Savings	\$25	\$400 to waive \$3 monthly fee	\$3 if below \$400	Yes	2 free withdrawals per month, then \$3 fee	0.30% interest rate
Bank of America	Regular Savings	\$100	\$500 to waive \$3 monthly fee	\$3 if below \$500	Yes	3 free withdrawals per month, then \$3 fee per transaction if balance below \$2,500	.25% interest rate. Can transfer \$25 from checking to savings for 12 consecutive months to establish no minimum balance.
	Custom Savings Account	\$25	None if deposit made once a month	\$5 if below \$1000 or if no monthly deposit	Yes	1 free withdrawal and 1 free deposit per month then \$3 per transaction.	0.25% interest rate
JP Morgan Chase	Life Line Savings	\$1	\$500 monthly average to waive \$3.50 fee	\$3.50 if below \$500	Yes	3 free withdrawals per month then \$1 charge per withdrawal	0.35% interest rate. Not available for individuals opening accounts with matricula card.
Metro Bank	Statement Savings	\$3	\$300 to waive \$3 monthly fee	\$3 if below \$300 or none if \$25 transferred from checking to savings per month	Yes	1 free withdrawal per month then \$2 per withdrawal	0.35% interest rate
Washington Mutual	Regular Savings	\$100 for lesser deposit manager discretion is used	\$300 to waive \$3 monthly fee	\$3 if below \$300	Yes	6 withdrawals per month excluding ATM and transfers	0.10% interest rate
Wells Fargo	Regular Savings	\$300	\$300 to waive \$4 monthly fee	\$4 if below \$300	Yes	3 free withdrawals per month	0.25% interest rate
Whitney National Bank	Regular Savings	\$300	\$300 to waive \$4 monthly fee	\$4 if below \$300	Yes	3 free withdrawals per month	0.25% interest rate

**Multi-State Banks
Other Services (p. 1 of 2)**

Bank	Money Orders	Bill Pay Options	International Wire Transfers	Matrícula	Assistance with ITIN	Bilingual Literature, Service and Internet	Account or Credit History Check
Banco Popular	\$3	Free online banking, free bill pay	Outgoing \$40, incoming \$10-\$12	Yes, matrícula and proof of ITIN application	Does not provide the form.	Service, literature, and website	ChexSystems
Bank One	\$3	With checking - free online banking	Outgoing \$20, incoming \$12	Yes	Some branches will provide form for Social Security number but not ITIN.	Service and literature	Banking history checked
Bank of America	\$4	Free online banking and bill pay	Outgoing \$45, incoming \$15	Yes, matrícula and secondary form of ID	Not required if in US fewer than 180 days, otherwise Social Security number or ITIN needed. Bank will not assist.	Service, literature, website, and ATM	Subject to managerial review - when no credit history
			See Safe Send product information under Checking				
JP Morgan Chase	\$5	Free online banking and bill pay	Outgoing \$43, incoming \$5	Yes, must go through international banking and have two of the following: passport, matrícula, picture ID, or old bank statement.	ITIN not required.	Service and literature	ChexSystems, TeleCheck, and credit history check
Metro Bank	\$3	Free online banking, bill pay \$3.95	Outgoing \$30	Yes, matrícula and address in Mexico		Service, ATM and website	TeleCheck
Washington Mutual	\$4	Free online banking, bill pay \$5/month	Outgoing \$40, incoming \$15	Yes, matrícula and primary source of ID like passport	W8, W9 forms available; ITIN not necessary.	Service and literature	ChexSystems

**Multi-State Banks
Other Services (p. 2 of 2)**

Bank	Other Services						
	Money Orders	Bill Pay Options	International Wire Transfers	Matrícula	Assistance with ITIN	Bilingual Literature, Service and Internet	Account or Credit History Check
Wells Fargo	\$4	Free online banking and bill pay	<i>InterCuenta Express</i> : A special account for the sender to transfer money to a Bancomer account in Mexico, \$10 per transfer of up to \$1000. <i>Dinero al Instante</i> : \$10 fee per \$1000 transfer to Bancomer; no need for either the remitter or the beneficiary to hold an account.	Yes, matrícula with payment statements that have address noted	ITIN not required.	Service, literature, and website	ChexSystems, credit history check
Whitney National Bank	\$3	Free online banking access to bill pay	Outgoing \$40, incoming \$20	Yes, matrícula accepted as secondary form of ID. Must have valid US passport, US I.D.		Service and literature	ChexSystems

Texas Banks

**Texas Banks
Checking Accounts (p.1 of 2)**

Bank	Type	Opening Deposit	Minimum Balance	ATM Card	Check Card	Limitations on Account Transactions	Additional Features	Monthly Fee	Overdraft and Non-sufficient Funds Fees
Commerce National Bank	Spirit Account	\$100	None	Yes	Yes	Unlimited	Interest bearing when over \$1000, 0.75% interest rate	None	Automatic \$500 overdraft protection. If overdraft is over \$500 there is a \$25 fee per overdraft or non-sufficient funds charges.
First National Bank	Advantage Checking	\$20 or \$0.01 with direct deposit	\$20	Yes	Yes	Unlimited		\$3 per month	Overdraft protection established through line of credit. \$10 fee per line access. \$35 fee for non-sufficient funds.
First Presidio Bank	Best Value	\$1	None	Yes, \$1 per month and \$1.57 per withdrawal	No	15 checks per month, then \$10.97 fee		None	Overdraft protection not offered on this account. \$23.97 fee for non-sufficient funds.
First State Bank	Regular Checking	\$100	\$1,000	Yes	No	Unlimited		\$10 per month if balance below \$1000	Overdraft protection not offered. \$25 fee for non-sufficient funds.
Fort Davis State Bank	Preferred Checking	None specified	None	Yes, \$2 per month	No	15 transactions per month, then \$10 fee plus \$.25 per withdrawal		\$2 per month for ATM	Automatic \$500 overdraft protection for \$25 per overdraft. Can also be established through savings account for \$8 fee per overdraft. \$25 fee for non-sufficient funds.
Frost Bank	Free Checking	\$50	None	Yes	Yes	Unlimited		None	Overdraft protection established through line of credit, but must have income of at least \$50,000; can also be established through savings account. \$25 fee for non-sufficient funds.
	Value Checking	\$50	None	Yes	Yes	Unlimited		\$5 per month	
	Preferred Checking	\$50	None	Yes	Yes	Unlimited		\$10 per month, 0.05% interest	

**Texas Banks
Checking Accounts (p.2 of 2)**

Bank	Type	Opening Deposit	Minimum Balance	ATM Card	Check Card	Limitations on Account Transactions	Additional Features	Monthly Fee	Overdraft and Non-sufficient Funds Fees
IBC	Free Checking	\$50	None	Yes	Yes	Unlimited	First 50 checks free	None	Overdraft protection courtesy for \$300-500 established automatically with checking account. Each overdraft is a \$25 fee. Overdraft protection provided with savings account transfer to checking at a \$9 fee per transfer. \$25 fee for non-sufficient funds.
Laredo National Bank	LNB Free	\$100	None	Yes	Yes	Unlimited		None	Overdraft protection not offered. \$27 fee for non-sufficient funds.
Lone Star National Bank	Super Star Checking	\$50	None	Yes	Yes	Unlimited		\$2.99 per month if no direct deposit	Overdraft protection established through savings account. \$5 fee per transfer. \$27.99 fee non-sufficient funds.
Marfa National Bank	Easy Checking	\$100	\$1000 to waive \$3 monthly fee	Yes, \$1 per month	No	Unlimited		\$3 per month if less than \$1000 avg. per month	Overdraft protection established through two linked checking accounts at no cost. \$22 fee for non-sufficient funds.
South Texas National Bank	Just Write	\$100	None	Yes	Yes	Unlimited	First 50 checks free	None	Overdraft protection automatically established after account held for 6 months and there is a \$300 maximum overdraft. \$27 fee for non-sufficient funds.
Sterling Bank	Basic Checking	\$25	None	Yes	Yes	25 checks per month, over \$.50 per check		\$3 per month	Overdraft protection not offered. \$25 fee for non-sufficient funds.
Surety Bank	Free Checking	\$100	None	Yes	Yes	Unlimited		None	Overdraft protection established through a line of credit, fee not specified. \$25 fee for non-sufficient funds.
Texas State Bank	Free Checking	\$50	None	Yes	Yes, with bank officer approval	Unlimited	First 50 checks for free	None	Overdraft protection of up to \$400 established by maintaining at least \$300 in account. \$30 per overdraft. \$30 fee for non-sufficient funds.
West Texas National Bank	Free Checking	\$20	None	Yes	Yes	Unlimited		None	Overdraft protection of up to \$600 established after 30 days for \$22.50 per overdraft. \$22.50 fee for non-sufficient funds.

**Texas Banks
Savings Accounts (p.1 of 2)**

Bank	Type	Opening Deposit	Minimum Balance	Monthly Fee	ATM Card	Limitations on Account Transactions	Additional Features
Commerce National Bank	Regular Savings	\$100	\$100	\$5 if below \$100	No	3 free withdrawals per quarter then \$3 per withdrawal	1.0% interest rate
First National Bank	Regular Savings	\$0.01	\$20	\$2.50 if below \$20	Yes	1 free withdrawal per month, then \$2.50 per withdrawal	0.25% interest rate
First Presidio Bank	Regular Savings	\$100	\$100	None	Yes	3 free withdrawals per quarter, then \$2.19 per withdrawal	0.40% interest rate
First State Bank	Statement Savings	\$100	\$100	\$5 if below \$100	Yes	1 free withdrawal per month, then \$1 per withdrawal	0.25% interest rate
Fort Davis State Bank	Regular Savings	\$25	\$25	None	No	3 free withdrawals per quarter then \$2 per withdrawal	0.30% interest rate
Frost Bank	Regular Savings	\$50	\$500 or active Signature or Preferred checking accounts to waive \$3.50 per month	\$3.50 if below \$500	Yes	2 free withdrawals per month, then \$3 per withdrawal	May be used as overdraft protection for existing Frost checking account; interest paid on all balances

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The information in this chart is based on financial institution websites and calls to customer service representatives between October 2003 to January 2004.

**Texas Banks
Savings Accounts (p.2 of 2)**

Bank	Type	Opening Deposit	Minimum Balance	Monthly Fee	ATM Card	Limitations on Account Transactions	Additional Features
IBC	Regular Savings	\$100	\$500 to waive \$3 per month	\$3 if below \$500	Yes	2 free withdrawals per month then \$3 per withdrawal	0.35% interest rate
Laredo National Bank	Regular Savings	\$100	\$100 after first 90 days to waive \$3 per month	\$3 if below \$100	Yes	2 free withdrawals per month then \$1 per withdrawal	0.30% interest rate
Lone Star National Bank	Star Savings	\$50	\$150 to waive \$3.99 per month	\$3.99 if below \$150	Yes	4 free withdrawals per quarter, then \$1.99 per withdrawal	0.50% interest rate
Marfa National Bank	Regular Savings	\$100	\$100 balance to waive \$3 per month	\$3 if below \$100	Yes	9 free withdrawals per quarter	0.25% interest rate, no IR if below \$100
South Texas National Bank	Regular Savings	\$100	\$500 to waive \$3 per month	\$3 if below \$500	Yes	1 free teller transaction per month, then \$1 per transaction	0.25% interest rate
Sterling Bank	Personal Savings	\$200	\$200 to waive \$6 per quarter	\$6 per quarter if below \$200	Yes	3 free withdrawals per quarter	0.25% interest rate
Surety Bank	Regular Savings	\$100	\$200 to waive \$3 per month	\$3 if below \$250	Yes	2 free withdrawals per month	0.50% interest rate
Texas State Bank	Regular Savings	\$100	\$250 to waive \$2.50 per month	\$2.5 if below \$250	Yes	2 free withdrawals per month then \$2 per withdrawal	0.25% interest rate
West Texas National Bank	Regular Savings	\$100	\$200.25 to waive \$6 per quarter	\$6 per quarter if below \$200.25	No	12 free withdrawals per quarter then \$3 per withdrawal	0.25% interest rate

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The information in this chart is based on financial institution websites and calls to customer service representatives between October 2003 to January 2004.

**Texas Banks
Other Services (p.1 of 2)**

Bank	Money Orders	Bill Pay Options	International Wire Transfers	Matricula	Assistance with ITIN	Bilingual Literature, Service and Internet	Account or Credit History Check
Commerce National Bank	\$2	Free online banking, bill pay free	Outgoing \$55, Incoming \$5	Yes, matricula and W8	Will fax W7 if needed	None	ChexSystems
First National Bank	Free for account holders	Free online banking, bill pay \$5.75 per month	Outgoing \$50	Yes, matricula can be used as secondary ID but must have a Social Security number.	No	Service	Banking history checked with local banks
First Presidio Bank	\$5.07	None	Domestic outgoing and incoming \$21.97. International more expensive.	Yes, matricula and Voters Registration Card - Credencial	W8 yes. ITIN not necessary. Forms are not available.	Service, literature and website	ChexSystems
First State Bank	\$3	None	No international wires	Yes, matricula will be considered		Service	ChexSystems and foreign accounts check
Fort Davis State Bank	\$2	None	Outgoing \$45	No, matricula not valid	No knowledge about ITIN or W7		
Frost Bank	\$2, free for preferred checking account holders	Online banking available with checking accounts. Value and preferred accounts offer free online banking and free bill pay.	Outgoing (Mexico) \$15, incoming free	Yes, matricula, passport and reference from another bank (could be a Mexican bank referral)	Bank does not assist with ITIN application, but form is provided for customers.	Service	ChexSystems and TeleCheck

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The information in this chart is based on financial institution websites and calls to customer service representatives between October 2003 to January 2004.

**Texas Banks
Other Services (p.2 of 2)**

Bank	Money Orders	Bill Pay Options	International Wire Transfers	Matrícula	Assistance with ITIN	Bilingual Literature, Service and Internet	Account or Credit History Check
IBC	\$3		Outgoing \$35	Matrícula valid secondary form of ID. Must have a valid passport.			
Laredo National Bank	\$3	Free online banking, bill pay \$5.95 per month	Outgoing \$35-\$88, incoming \$6	Yes	ITIN is only needed for a business account. For checking not necessary.	Service, literature and website	ChexSystems
Lone Star National Bank	\$3.99	Free online banking, free bill pay	Outgoing \$45, incoming free	Yes, matrícula and one form of government ID.	W8 filled out at bank. ITIN not necessary.	Service	ChexSystems and TeleCheck
Marfa National Bank	Depends on amount of money order		No international wires	Yes, matrícula and other Mexican ID required	No knowledge pertaining to ITIN	Service and literature	None
South Texas National Bank	\$3		Outgoing \$45	No			
Sterling Bank	\$3	Free online banking, bill pay \$5.95 set-up, \$12.95 per month	Outgoing \$45 (US\$), \$30 if transferring Mexican pesos	Yes, may depend on branch	Forms are not provided	Service and ATM	ChexSystems
Surety Bank	No money orders	Free online banking, bill pay free	Outgoing \$35	Yes, any ID will work due to Seguridad Bancaria	Forms available	Service and literature	ChexSystems
Texas State Bank	\$3	Free online banking, bill pay \$5.95 per month	Outgoing \$20, incoming \$0	Yes	No assistance with ITIN	Service, literature and website	ChexSystems
West Texas National Bank	\$2	Free online banking, bill pay charge per bill	Outgoing - \$20, incoming - \$0	Yes, matrícula and another form of ID (does not have to be issued in US)	No knowledge pertaining to ITIN. W8 is needed.	Service and some literature	ChexSystems

Credit Unions

**Credit Unions
Checking Accounts (p. 1 of 2)**

Credit Union	Opening Type	Minimum Deposit	Minimum Balance	ATM Card	Check Card	Limitations on Account Transactions	Additional Features	Monthly Fee	Overdraft and Non-Sufficient Funds Fees
Border Federal Credit Union	Free Checking	None	None	No	Yes	Unlimited		None	Overdraft protection established through savings account transfer; courtesy pay available for overdrafts up to \$300 for a \$25 fee. \$25 fee for non-sufficient funds.
City Credit Union	Free Checking	\$5 in savings	None	Yes	Yes	Unlimited	Must have savings account with checking account. Checking not available for matricula carriers.	\$6 if balance below \$500	Overdraft protection established through savings account transfer or a line of credit; courtesy pay up to \$500 for a \$28 fee. For courtesy pay must be member for at least 90 days. \$28 fee for non-sufficient funds.
Community Credit Union	Free Checking	\$25	None	No	Yes	Unlimited		None	Overdraft protection established through savings account transfer for \$2 fee, line of credit, or Check Protect System (courtesy pay) on hand-written checks (not electronic) up to \$200 for \$35 fee. \$35 fee for non-sufficient funds.
El Paso Bell Federal Credit Union	Liberty Bell Checking	\$20	None	Yes	Yes	Unlimited	Must have savings with checking	None	Overdraft established through savings account transfer for \$10 fee (no more than 6 transfers per month), a revolving loan system connected to checking account (line of credit), or through courtesy pay for a \$20 fee. \$20 fee for non-sufficient funds.
Government Employees Credit Union in El Paso	Regular Checking	\$20	\$1000 monthly average	Yes	No	\$0.50 per transaction if less than \$500 in account		\$4 if balance below \$1000	Overdraft established through savings account transfer (no more than six transfers per month), line of credit, and a privileged line of credit (courtesy pay) for a \$22.50 fee. \$22.50 fee for non-sufficient funds.
Members Trust of the Southwest Federal Credit Union	Free Checking	\$50	None	Yes	Yes	Unlimited	Must have savings with checking	None	Overdraft established through savings account transfer for \$2 fee. \$25 fee for non-sufficient funds.

Credit Unions
Checking Accounts (p. 2 of 2)

Credit Union	Type	Opening Deposit	Minimum Balance	ATM Card	Check Card	Limitations on Account Transactions	Additional Features	Monthly Fee	Overdraft and Non-Sufficient Funds Fees
Neighborhood Credit Union	Free Checking	\$25	None	Yes	Yes	Unlimited	Must have savings with checking	None	Overdraft established through savings account transfer, line of credit, or, after 90 days as member, through courtesy pay for up to \$500 and a \$25 fee. \$25 fee for non-sufficient funds.
San Antonio Federal Credit Union	Free Checking	\$25	None	Yes	Yes	Unlimited		None	Overdraft protection established through savings account transfer for \$5, line of credit, or courtesy pay for up to \$300 and a \$25 fee. \$25 fee for non-sufficient funds
Security First Credit Union	First Choice	None	None	No	Yes	Unlimited		None	Overdraft protection established through savings account transfer for \$2 per transfer, courtesy pay for up to \$500 and \$25 fee after 60 days as member, and line of credit. \$25 fee for non-sufficient funds.
Velocity Credit Union	Free Checking	\$50	None	Yes	Yes	Unlimited	Must have savings with checking. Checking not available for matricula carriers.	None	Overdraft protection established through savings account transfer for \$3 fee, privilege pay (courtesy pay) up to \$500, and line of credit. \$25 fee for non-sufficient funds.

**Credit Unions
Savings Accounts (p. 1 of 2)**

Credit Union	Type	Opening Deposit	Minimum Balance	Monthly Fee	ATM Card	Limitations on Account Transactions	Additional Features
Border Federal Credit Union	Savings Account	\$27	\$25	None	Yes	Unlimited	0.50% interest rate
City Credit Union	Foreign Account	\$5	\$5	None	Yes, up to \$500 can be withdrawn per day	6 withdrawals per month	0.50% interest rate
Community Credit Union	Regular Savings	\$1	\$1, or \$250 to earn interest	None	Yes	Unlimited	0.50% interest rate
El Paso Bell Federal Credit Union	Regular Savings	\$26	None	None	Yes	Unlimited	0.75% interest rate
Government Employees Credit Union in El Paso	Sharp Account	\$20	\$20 or \$100 to earn interest	None	Yes	Unlimited	1.0% interest rate Not available for matrícula carriers
Members Trust of the Southwest Federal Credit Union	Regular Savings	\$25	\$25	None	Yes	3 withdrawals per month	0.65% interest rate Not Available for matrícula carriers
Neighborhood Credit Union	Regular Savings	\$25	\$250 to waive \$5 fee	\$5 if no checking account held or if below \$250	Yes, must be requested. \$1 per month	3 withdrawals per month	0.50% interest rate
San Antonio Federal Credit Union	Regular Savings	\$5	\$5	None	Yes	ATM withdrawals limited to 4 per month then \$2 per ATM transaction	0.50% interest rate

Credit Unions
Savings Accounts (p. 2 of 2)

Credit Union	Type	Opening Deposit	Minimum Balance	Monthly Fee	ATM Card	Limitations on Account Transactions	Additional Features
Security First Credit Union	Personal Savings	\$55	\$50	None	Yes	6 withdrawals per month	0.75% interest rate
Velocity Credit Union	No Interest Savings	\$5	\$5	None	Yes	6 electronic withdrawals per month	No interest for matrícula carriers

**Credit Unions
Other Services (p. 1 of 2)**

Credit Union	Other Services							Bilingual Literature, Service and Internet	Account or Credit History Check
	Money Orders	Bill Pay Options	International Wire Transfers	Matrícula	IRNet/Other	Assistance with ITIN			
Border Federal Credit Union	\$0.50	None		Yes, matrícula, proof of address, and ITIN required	IRnet, \$15 per transfer	No assistance with form but must have to open account	Service and literature	ChexSystems, roll tracker (ID verification). Credit history if debit card wanted.	
City Credit Union	\$1	Free online banking, and bill pay	Outgoing \$40	Yes, matrícula or voter registration card to open savings only	Yes, IRnet	Form available	Service and literature	TeleCheck	
Community Credit Union	\$3	Free online banking, bill pay 4.95 per month	Outgoing \$25, takes up to 14 days	Yes matrícula and intent to get ITIN	Pay People, a-domestic online banking transfer system. Password gives access to money.	Must get ITIN within an unstated period of time after account opened.	Service	ChexSystems and TeleCheck	
El Paso Bell Federal Credit Union	\$0.50	Free online banking, bill pay \$6.95 per month	Outgoing \$30	Yes, will accept as form of ID, but must also have a Social Security number			Service and website	ChexSystems and check point	
Government Employees Credit Union in El Paso	\$5	None	Outgoing, \$25, incoming, \$10	Yes, matrícula and other Mexican ID.	Yes, IRnet \$10-\$20	Must fill out W8 no paperwork for ITIN	Service and literature	ChexSystems and credit history check	
Members Trust of the Southwest Federal Credit Union	Teller Checks \$3	Free online banking, free bill pay	Outgoing, \$60, to Mexico, \$10	No, considering but not currently accepting	IRnet		Service and literature	Yes	

**Credit Unions
Other Services (p. 2 of 2)**

Credit Union	International						Bilingual Literature, Service and Internet	Account or Credit History Check
	Money Orders	Bill Pay Options	Wire Transfers	Matricula	IRNet/Other	Assistance with ITIN		
Neighborhood Credit Union	Teller Checks \$3	Free online banking, bill pay \$6 per month		Yes, matricula and most recent pay stub must be shown	IRnet, \$10 per transfer	Customer should have already prepared	Service	ChexSystems
San Antonio Federal Credit Union	\$1	Free online banking, bill pay \$6 per month	Outgoing \$10 plus a processing fee; incoming free for up to 3 wires then \$3 per wire	Yes, matricula and W8, written statement as to why in US (student), perm address in Mexico and address in US, and must intend to apply for SS#			Service	TeleCheck
Security First Credit Union	\$2	None	Outgoing \$40	Yes			Service	ChexSystems
Velocity Credit Union	\$1.25	Free online banking, bill pay \$4.50 per month		Yes	IRnet, \$10 per transfer	No assistance	Service	ChexSystems

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