

# Evolving Financial Services Markets: Recent Trends in Reaching Mexican Immigrants

A Comparative Survey of Texas Financial Institutions 2004-2006



Project work made possible through a grant from  
the Ford Foundation.

September 2006

## ACKNOWLEDGEMENTS

This report is generously supported by a grant from the Ford Foundation. Texas Appleseed also would like to thank the financial institutions, organizations, and individuals who shared their experiences and perspective on the issues involved in serving immigrant communities.

We would like to give special thanks to the Texas Appleseed Financial Access Committee of the Board of Directors: Allan Van Fleet, Sean Gorman and Benigno (Trey) Martinez. We would also like to thank Akin Gump Strauss Hauer & Feld LLP, especially Gerald Buechler in its Dallas office, for invaluable research and technical advice.

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September 2006  
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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 18 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.



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## EXECUTIVE SUMMARY

In 2004, Texas Appleseed surveyed 33 Texas financial institutions and discovered that only a few offered an array of products and services necessary to meet the financial service needs of the state's fast-growing Mexican immigrant community. Two years later, the marketplace has changed significantly. This report updates the 2004 survey and documents a market in transition. Today, while there is still a large unbanked immigrant population, more Texas banks and credit unions are welcoming immigrants from Mexico and other Latin American countries into their financial institutions, as well as offering new products and services in an effort to integrate this population into the formal financial service system.

Texas financial institutions are increasingly aware of the significance of immigrant markets as a new customer base. Banks and credit unions of all sizes have begun to adopt policies, design branches, and develop marketing approaches to reach unbanked Mexican and Latin American consumers. In addition, three Texas banks have been acquired by a Spanish bank, which also owns one of the largest banks in Mexico; these acquisitions will create new banking options for Spanish-speaking consumers. New initiatives, most significantly the Federal Deposit Insurance Corporation's New Alliance Task Force, are supporting the trend of increased financial institution outreach to the unbanked.

Many banks and credit unions in Texas—and across the nation—have decided to reach out to unbanked immigrants, both documented and undocumented. These institutions have developed systems to address regulatory issues without negative repercussions, as the regulatory environment has evolved in the last two years. In 2004, there was a debate on the appropriateness of accepting foreign government-issued identification cards, particularly the *matrícula consular*, to open an account. Today, although other regulatory issues remain, accepting the *matrícula* card has not proven to trigger additional regulatory scrutiny.

In this 2006 survey, Texas Appleseed found that all financial institutions surveyed offered at least some products and services that have been shown to meet the needs of immigrant communities. The study found key areas of improvement over the 2004 survey:

Compared to 2004, a significant number of the surveyed institutions have broadened their product offerings, particularly for remittances, and expanded their Spanish-language customer information in print and on the Internet.

- 7 of the financial institutions in the survey offer money transfer services to Mexico that cost \$10 or less and do not require the recipient to hold a bank account. 14 offer a money transfer service costing \$15 or less.
- Most of the banks and credit unions surveyed offered customer service in Spanish, though the level of service was not always consistent.
- 15 offer Spanish-language websites as compared to 8 in 2004.

Institutional knowledge regarding the *matrícula consular* has increased as has assistance with filing and filling out required Internal Revenue Service forms.

- 27 of the 32 surveyed institutions accept the *matrícula* card to open an account.
- There was a major improvement from 2004 regarding the familiarity of customer service staff with the *matrícula* card.
- 17 of the financial institutions surveyed offered assistance in the process of filling out and submitting the forms to obtain an Individual Taxpayer Identification Number.

The study also found areas of less innovation and improvement.

- The survey reflected less innovation in reducing and avoiding overdraft fees and in structuring basic accounts to entice the unbanked into formal financial services, an ongoing challenge.
- It was difficult to obtain information on interest rates tied to overdraft protection options.
- Money orders, an important transitional product, continue to be over-priced at financial institutions. Only 5 of the institutions surveyed offered money orders for \$1 or less.

Banks and credit unions continue to develop new strategies, services and products that reach unbanked Latino communities. Included in this report are profiles of three institutions that have implemented innovative outreach and service approaches to serve the immigrant market. In each case, the bank or credit union has done extensive work to assess community needs, committed to long-term engagement in community and cultural events, and offered immigrant families needed financial services in a comfortable, welcoming environment. Their experiences are instructive to other institutions as they consider how best to serve this growing market.

Research shows that many immigrants in Texas continue to be outside the financial service mainstream, using alternative financial services such as check-cashing and conducting largely cash-based financial transactions. Now, mainstream financial institutions are increasingly offering services to introduce immigrant consumers to the benefits of mainstream banking, including increased safety features. Both the profit potential and the large presence of Latin American immigrants in communities around Texas has motivated financial institutions to expand products, services, and outreach to meet this market. Their success in building this customer base will depend in large part on their ability to transition these customers into accounts that are easy to use and have no or low fees, and to maintain their business through ongoing customer service and consumer education. The challenge to financial institutions is to continue developing a range of fairly priced products and services, implementing appropriate outreach strategies and providing access to financial education opportunities.







## INTRODUCTION

In 2004, Texas Appleseed conducted a survey of 33 Texas financial institutions to examine how well banks and credit unions in the state were responding to the significant growth in the Mexican immigrant community. Two years later, the state's financial institution marketplace is quite different. Mergers have brought new banks into the state, including one of Mexico's largest banks and one of the largest international banks. At the same time smaller community-based banking initiatives have been launched with some new banks established specifically to serve Spanish-speaking immigrants. Existing banks and credit unions have also created new initiatives.

Awareness of the importance of the immigrant market, and in particular the Mexican and Latin American immigrant market, is well-established in Texas. Although some financial institutions continue to view regulatory compliance as a barrier to serving this largely unbanked market, many have moved ahead successfully and have addressed regulatory concerns. The recent heated debate around immigration and border security has had some impact on the willingness of new players to enter the market to serve immigrant populations that lack traditional identification, but current initiatives are moving ahead despite uncertainties created by the debate around the right approach to immigration reform.

Though individual community banks and credit unions are often at the cutting edge of serving new communities, as a group they have lagged behind the larger banks in Texas in promoting policies to reach out to unbanked immigrant communities. However, there are many individual examples of creative community-based banking initiatives that reflect the strength these institutions have in their flexibility to respond to unique local financial service needs and the personal touch they offer.

This study examines the new momentum in the market place for providing mainstream financial services to unbanked Mexican immigrants. It includes an overview of the current financial institution marketplace in Texas, a brief examination of demographic and financial service trends for unbanked immigrants in Texas, an overview of regulatory issues impacting service to undocumented immigrants, and the results of a new survey of Texas financial institutions. The new survey, conducted between March and May 2006, examines a sample of financial institutions comparable to those surveyed two years ago to determine how product and service offerings have changed to meet the needs of unbanked immigrant communities.<sup>1</sup> The final section of the report profiles three Texas financial institutions that have adopted new products and services to reach unbanked Mexican and Latin American immigrants.

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<sup>1</sup> The new survey includes 32 financial institutions as a result of mergers since the 2004 survey was conducted. A small number of new financial institutions were added, primarily large financial institutions that entered the Texas market since 2004, to reflect the changing financial institution market in Texas.

## A MARKET OVERVIEW

Major mergers have altered the state banking environment. The Bank One and J.P. Morgan Chase merger was the largest, but other mergers brought new national players, including Citibank and Wachovia, into the Texas market. Since 2004, three Texas banks have been purchased by the Spanish bank, Banco Bilbao Vizcaya Argentaria (BBVA), which also owns Bancomer, one of the largest banks in Mexico. BBVA purchased Laredo National Bank last year and recently purchased Texas Regional Bancshares Incorporated based in McAllen and Fort Worth-based State National Bancshares Incorporated. BBVA hopes to gain a stronger foothold in U.S. Hispanic communities and in remittance markets.<sup>2</sup> These mergers have impacted banking opportunities for Mexican immigrants, primarily in urban areas, by opening up more options for accessing accounts.

In addition, across Texas, financial institutions of all sizes have adopted policies, designed branches, and developed marketing approaches to reach out to the state's Mexican and Latin American immigrant communities. Woodforest National Bank launched a new branch in Conroe called Tu Banco; Independent Bank opened a new branch, Banco Independiente, in McKinney that caters to the Spanish-speaking population in the bank's service area; and Jefferson Bank in San Antonio launched a home mortgage loan program for immigrants without traditional credit histories and offered accounts to loan program participants.

Bank of America and Wells Fargo also have been aggressively reaching out to unbanked recent immigrants. Wells Fargo, the first Texas bank to accept the Mexican consular identification card, the *matrícula consular*, to open bank accounts, has opened 750,000 accounts nationwide using the *matrícula* card since 2001. There is now a long list of financial institutions across Texas that are developing or have developed strategies and approaches to reach the unbanked Mexican immigrant market.

Credit unions around the state also are working to serve unbanked Mexican immigrant communities. To date, five credit unions have been awarded "Juntos Avanzamos" status, designating them as holding a long-term vision and commitment to serve the Texas Spanish-speaking community.<sup>3</sup> Many more credit unions, including those in border areas with a historically large population of Spanish-speakers, have been reaching out to more recent immigrants, making accounts accessible and offering international remittance products.

A number of conferences and initiatives have supported the trend of Texas financial institutions reaching out to Mexican and other immigrant communities. Of particular note is the Federal Deposit Insurance Corporation (FDIC)-sponsored New Alliance Task Force (NATF), which was launched in May 2003, and is now a national FDIC initiative. The first

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<sup>2</sup> Jonathon Stempel, "BBVA to buy 2 Texas banks for \$2.64 billion." *Reuters*. June 12, 2006. Online. [http://biz.yahoo.com/rb/060612/financial\\_texasregional\\_bbva.html?v=5](http://biz.yahoo.com/rb/060612/financial_texasregional_bbva.html?v=5). Accessed July 4, 2006.

<sup>3</sup> World Council of Credit Unions. "Juntos Avanzamos Program Adds Three More Credit Unions in Texas." May 25, 2006. Online. <http://partnershipsblog.blogspot.com/2006/05/juntos-avanzamos-program-adds-three.html>. Accessed July 4, 2006.

Chicago-based task force was so successful in supporting market innovations to serve unbanked Mexican immigrants that the FDIC decided to expand the task force into other markets. Over a two-year period, the Chicago New Alliance Task Force reported 50,000 new accounts opened for Mexican immigrants by its member financial institutions, with \$100 million in deposits.<sup>4</sup> The Chicago task force is winding down now, but new ones have been launched across the country, including in Texas.

The new regional task forces focus on financial services for a variety of immigrant communities depending on local demographics and needs. The Texas New Alliance Task Force (TNATF) held its first general meeting in May 2005 and continues to meet quarterly. It works on projects to improve access to financial services and to encourage financial education and financial services innovations to serve unbanked immigrants. The Federal Reserve Bank of Dallas, the Office of Thrift Supervision, and the Office of the Comptroller of the Currency are represented on the TNATF, as are other governmental entities, financial institutions, and non-profit organizations.

These ongoing initiatives have successfully encouraged and enabled financial institutions to reach out to unbanked immigrants.

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<sup>4</sup> FDIC, "Supervisory Insights Linking International Remittance Flows to Financial Services: Tapping into the Latino Immigrant Market." December 2004. Online. [http://www.fdic.gov/regulations/examinations/supervisory/insights/siwin04/latino\\_mkt.html](http://www.fdic.gov/regulations/examinations/supervisory/insights/siwin04/latino_mkt.html). Accessed July 3, 2006.

## A DEMOGRAPHIC AND FINANCIAL SERVICES OVERVIEW OF MEXICAN IMMIGRANTS IN TEXAS

The past decade's (1990-2000) striking population growth, more than doubling the number of Mexican immigrants in Texas, appears to be continuing, though at a slower pace. In 2004, Mexican immigrants made up 9.7% of the state population as compared with 9% in 2000. Of the major urban areas surveyed, Austin is the only city to show a decrease in its Mexican immigrant population. It is interesting to note that Austin still experienced a net increase in Latin American immigrants in 2000-2004, with the largest growth in immigrants from El Salvador.

### Mexican Immigrant Population in Texas and Major Urban Areas 1990 through 2004

	1990	2000	2004	Percent Change, 1990- 2000	Percent Change, 2000- 2004	Percent Change, 1990- 2004
TEXAS	907,432	1,879,369	2,117,635	107%	13%	133%
Austin	15,573	61,948	59,448	298%	-4%	281%
Brownsville	26,380	42,075	NA	59%	NA	NA
Dallas	75,507	208,688	232,293	176%	11%	208%
El Paso	103,079	132,271	140,409	28%	6%	36%
Fort Worth	26,068	64,469	77,868	147%	21%	199%
Houston	132,596	273,567	288,478	106%	6%	118%
McAllen	19,534	26,089	NA	34%	NA	NA
San Antonio	63,214	96,674	109,455	53%	13%	73%

Source: U.S. Census, 1990, 2000, and the 2004 American Community Survey

The continued growth in the Mexican immigrant market has spurred a number of studies looking at financial service participation and practices of Mexican and other immigrant communities. According to a 2006 study released by the Federal Reserve Bank of Chicago and the Brookings Institution and based on data from 1996-2000, only 27% of Mexican immigrants had checking accounts, 26% had savings accounts, and 40% had one or the other.<sup>5</sup> A separate analysis of the same data showed that income, citizenship status, and education were major factors in determining whether Mexican immigrants had a bank account.<sup>6</sup> Focus groups conducted in 2004 with Mexican immigrants in Texas supported these findings. Of the focus group participants, 57% were unbanked and one-third listed high costs as the primary reason for choosing not to use a financial institution. As a barrier to using banking services, cost ranked higher than issues of privacy, trust, or convenience.<sup>7</sup>

<sup>5</sup> Anna Paulson, et al. *Financial Access for Immigrants: Lessons from Diverse Perspectives*. Federal Reserve Bank of Chicago and The Brookings Institution. May 2006. p.16.

<sup>6</sup> Sherry Rhine and William H. Greene, "The Determinants of Being Unbanked for U.S. Immigrants," *The Journal of Consumer Affairs*. Vol. 40, No.1. 2006. p. 36.

<sup>7</sup> Rincón & Associates. *Qualitative Study of the Banking Experiences of Latino Immigrants in Texas*. Prepared for the Texas Credit Union League and Texas Appleseed. 2004.

It is likely that new data will show an increase in financial institution participation as a result of the many banking innovations and increased outreach to Mexican immigrants since 2000, and even since 2004; still, there remains a significant unbanked market.

Recent analyses also have shown that, despite participating in financial institutions, many immigrants continue to use alternative financial services, such as check-cashing, money orders, and international money transfer services.<sup>8</sup> This finding indicates that moving from alternative financial services to banks and credit unions is a transition process that takes time. It also could indicate that some alternative financial services provide better access or value for immigrant customers.

In particular, remittances have received significant attention in the general media and banking press. It is hard to ignore the many billions of dollars sent internationally by immigrants in the U.S. In 2004, \$3.182 billion in remittances were sent to Latin America from Texas, with the majority of funds sent through money transfer companies.<sup>9</sup> Forty-three percent of Latin American immigrants in Texas regularly send remittances.<sup>10</sup> Data collected from interviews with Mexican migrants in the U.S. between 1982 and 2002 indicate that migrants who remit earn an average of \$1,747 per month and remit \$466 per month to Mexico.<sup>11</sup> Remitters also tend to be less fluent in English than non-remitters, have lower educational attainment, be male, and are more likely to be undocumented.<sup>12</sup> Some of these characteristics make it difficult for traditional financial institutions to reach many remitters, and may explain why bank and credit union remittance services are not as widely used as other remittance options. However, remitting communities pose an important market opportunity, particularly as patterns of migration shift from shorter to longer stays in the U.S. Financial institutions continue to respond to that opportunity with new products and pricing for international money transfer services.

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<sup>8</sup> Paulson, et al. p. 23.

<sup>9</sup> Bendixen & Associates. "State by State Survey of Remittances Senders: U.S. to Latin America." Multilateral Investment Fund conference. May 17, 2004. Online. [http://www.iadb.org/mif/v2/files/Bendixen\\_May\\_17\\_2004.pdf](http://www.iadb.org/mif/v2/files/Bendixen_May_17_2004.pdf). Accessed July 4, 2006.

<sup>10</sup> Bendixen & Associates. 2004.

<sup>11</sup> Catalina Amuedo-Dorantes, et al. "On the Remitting Patterns of Immigrants: Evidence from Mexican Survey Data." *Economic Review*. First Quarter 2005. Federal Reserve Bank of Atlanta. p.41.

<sup>12</sup> Amuedo-Dorantes, et al. 2005.

## THE REGULATORY AND LEGISLATIVE ENVIRONMENT

In 2004, much of the financial institution regulatory debate over serving foreign nationals centered around the issue of appropriate identification and the security of the *matricula consular*. A number of financial institutions knew that the identification card and the Individual Taxpayer Identification Number<sup>13</sup> (ITIN) were acceptable identification for foreign nationals to open accounts under the USA PATRIOT Act regulations, but were uncomfortable adopting new identification policies for fear of experiencing additional regulatory scrutiny. Identification concerns continue to be an issue, particularly for financial institutions that are in the early stages of deciding whether to reach out to unbanked immigrants. However, regulatory agencies have confirmed, primarily through their Community Affairs arms, that accepting foreign consular identification cards and the ITIN to open accounts does not, in itself, trigger additional regulatory scrutiny.

Other regulatory issues that impact initiatives to reach unbanked immigrants include increased scrutiny of cash intensive transactions, such as check-cashing and cash-to-cash money transfers, and issues surrounding what types of activities merit a Suspicious Activity Report under the Bank Secrecy Act.<sup>14</sup> Many banks and credit unions in Texas and across the country that have decided to reach out to unbanked immigrants, both documented and undocumented, have developed systems to address these regulatory issues without any negative repercussions. However, each financial institution must develop its own policies addressing regulatory issues—policies that make sense for its market and the types of services being offered.

The legislative environment surrounding the immigration debate has added a level of uncertainty regarding banking initiatives reaching out to undocumented immigrants. If only security-focused legislation passes, there is the possibility of increased deportations of undocumented immigrants. If legislation passes providing some path to legal status for undocumented immigrants, then many of the current identification and regulatory issues that make it difficult to reach that market could be more easily overcome.

While the market trends of increased services and outreach for immigrant communities are clear, banks and credit unions continue to face challenges in an uncertain regulatory and legislative environment. Many move ahead and reach out to unbanked immigrants because of their large numbers and profit potential and because of the benefits to communities of providing a place where people can safely keep their savings and begin to build their financial futures.

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<sup>13</sup> 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 reporting, and the IRS does not intend it to serve any other purpose. 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.

<sup>14</sup> This issue has arisen particularly in the context of providing credit based on the ITIN. See: Appleseed, “Expanding Immigrant Access to Mainstream Financial Institutions: Positive Practices and Emerging Opportunities from the Latin American Immigrant Experience,” January 2006, pp.21-24 and Appendix B, for an overview of regulatory issues and requirements that impact serving immigrant markets.

## TEXAS FINANCIAL INSTITUTION SURVEY: 2006 SUMMARY RESULTS<sup>15</sup>

It is interesting to examine how product and service offerings have evolved to meet the financial service needs of unbanked Mexican immigrants since the 2004 Texas Appleseed survey of financial institutions. To capture evolution in the market, the same banks and credit unions were surveyed using these three important standards for analyzing market response to immigrant consumer needs:<sup>16</sup>

- Accepting the *matrícula consular* as identification and helping customers complete and submit Internal Revenue Service forms if they are required to open an account;
- Offering low-cost account products to make financial institutions more accessible to immigrant populations and educating consumers about the cost-saving and other advantages of using secure mainstream banking services; and
- Providing supplemental services to serve as a bridge between using cash for all transactions and using financial institutions.

The first standard is important because it serves to remove a key institutional barrier to accessing financial institutions for Mexican immigrants who may not otherwise have the proper identification to open an account. Assisting with required IRS forms makes the process less complicated for customers who may be uncomfortable in the formal financial institution environment.

The second standard focuses on account offerings and pricing, as well as consumer education. It emphasizes the importance of providing value to immigrant customers. There is often an assumption that using a bank or credit union is cheaper than using alternative financial services. Though that is generally the case, it may not play out that way for individuals who end up paying significant fees for overdrawing accounts with debit cards or checks. Financial education is important for new customers; it is critical to teach them how to use accounts correctly to avoid fees. It is also important to offer products that provide value to customers and are designed to help them avoid unnecessary fees. As more financial institutions reach out to immigrant markets and as financial service options expand, providing value will take on an increasingly important role in gaining new customers.

The third standard focuses on the transition process of moving from cash-only transactions to a banking relationship, as well as on the issue of removing language barriers to information and services. Unbanked immigrants tend to use check-cashing services, money orders, and international money transfer services. Offering those same services at a financial institution in a comfortable environment that is friendly to Spanish speakers is an important part of reaching out to unbanked immigrants. Check-cashing services can often

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<sup>15</sup> See Appendix A and Appendix B for detailed survey results.

<sup>16</sup> Two new multi-state banks that recently entered the Texas market were added and a few banks surveyed in 2004 no longer exist because of mergers. Thus in 2004, 33 were surveyed, this year 32 were surveyed. See Appendix A for list of those surveyed.



be important even after an account is opened, as people are used to having immediate access to funds and initially may not trust that deposited funds remain in the account. According to focus groups conducted in Texas in 2004, many of the Mexican immigrant participants distrusted banks and were discouraged by high fees and poor service received when cashing checks drawn from an employer's account at the bank.<sup>17</sup> Though the survey does not examine pricing of cashing checks, check-cashing at below market fees has proven to be a successful strategy for financial institutions to reach unbanked immigrant customers.

### Summary Results

Texas Appleseed surveyed 32 institutions between March and May 2006, collecting information through telephone interviews with customer service representatives. Most interviews were conducted in Spanish to determine how easily a Spanish-speaker could access requested information about financial services. Additional information was collected through financial institution websites. Key findings include:

#### **Financial institutions demonstrated a better understanding of the *matrícula consular* as official identification.**

Of the 32 institutions surveyed, 27 accept the *matrícula consular* as one form of identification to open an account. Not all banks provided clear information on whether the *matrícula consular* could serve as primary identification. Some banks may require one or more additional documents to open an account, such as:

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

Two of the institutions accepting the *matrícula consular* require a passport or visa, or a Social Security number or an Individual Taxpayer Identification Number (ITIN) in addition to the *matrícula*. One institution leaves the decision to accept the *matrícula consular* to each branch.

Although the actual number of institutions accepting the *matrícula consular* decreased from 2004 to 2006, from 29 to 27, the percentage remained stable. Bank mergers over the past two years reduced slightly the number of financial institutions included in the 2006 survey.

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<sup>17</sup> Rincón & Associates. 2004.

In contrast to 2004, most front-line customer service representatives are now familiar with the *matrícula*, whether or not the institution accepted it as a valid identification for opening an account. In 2004, it often took multiple transfers to reach a customer service representative who knew about the identification card.

**Seventeen institutions in the 2006 survey make the forms or information on obtaining an ITIN available to customers who lack a social security number and are interested in opening an account.**

It is not clear the extent to which each institution helps customers fill out and file the ITIN application. The ITIN is not routinely required to open a non-interest bearing account for customers without a social security number. In the 2004 survey, nine financial institutions required the ITIN to open any account for customers without a social security number compared to only two in 2006.

**While some new programs have surfaced since 2004 to encourage savings among immigrant and other low-income communities, there has been less innovation in reducing overdraft fees and structuring basic accounts to entice the unbanked into formal financial services.**

It is common for Latin American immigrants to be described as loyal and less cost-sensitive than other communities. However, offering value is important in attracting and maintaining customers. For example, Woodforest National Bank's Tu Banco branch, profiled in the following section, found that customers began asking for free checking accounts because competitors were offering that product.

It is also important to ensure that products meet the cost expectations of customers. A free checking account accompanied by \$60 in unexpected non-sufficient funds fees could cause customers to close accounts. A study published by the Federal Reserve Bank of Chicago indicated that immigrants are more likely than native born to stop using a financial institution account—supporting Texas focus group and other evidence that unexpected fees contribute to the closing of accounts in immigrant communities.<sup>18</sup>

Of the Texas financial institutions surveyed in 2006:

- Twenty-one of the 32 institutions offer a checking account that does not require a minimum balance and has no monthly fee. In 2004, 20 of 33 financial institutions offered similar account options.
- The minimum opening deposit for the “free” checking accounts ranges from \$0 to \$100, the same as the 2004 survey findings.
- Non-sufficient fund fees range from \$17.50 to \$35. In 2004, fees ranged from \$20 to \$35.

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<sup>18</sup> Una Okonkwo and Anna Paulson. “Prospects for Immigrant-Native Wealth assimilation: Evidence from Financial Market Participation.” Federal Reserve Bank of Chicago Working Paper. 2004. p.7.

- Thirteen of the 32 institutions surveyed offered overdraft protection through drawing on a savings account balance. The fees charged for this service ranged from \$2 to \$25 per transfer, the same as reported in 2004.
- 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 \$700; one institution offered an \$800 line of credit for account overdrafts. Fees for this service generally ranged from \$5 to \$30. Little or no information was provided regarding interest charges on the overdraft amount or fees to initiate courtesy pay or the line of credit. These are similar to the 2004 findings, which also recorded 25 financial institutions offering courtesy pay or revolving lines of credit. The limits on the plans have increased from an average range of \$300 to \$500 in 2004 to an average of \$300 to \$700 in 2006. Consistent with the 2004 survey, it was difficult to access information regarding the interest rates and fees tied to courtesy pay and overdraft lines of credit.

Savings accounts with minimum balance requirements to avoid monthly fees are more accessible to lower income individuals than accounts with higher minimum balance requirements. Over half of the financial institutions surveyed offer savings accounts with minimum balance requirements at or below \$200, similar to the 2004 survey.

- Fifteen institutions offer savings accounts with a minimum balance requirement of no more than \$100 to avoid monthly fees, a decrease from 16 in 2004.
- Two institutions offer savings accounts with a minimum balance requirement of \$200 to avoid monthly fees. Three financial institutions offered similar accounts in 2004.
- One institution offers a special savings account feature that allows for the monthly fee to be waived if money is deposited monthly in savings (either manually or with automatic transfer from checking account), down from two in 2004.

Some financial institutions, employers, and organizations are now joining a new *Texas Saves* initiative to encourage customers, employees, and clients to save. *Texas Saves* is part of the national *America Saves* initiative designed to encourage savings towards established goals. The program provides motivational speakers and wealth coaches to help participants meet savings goals, which can be as low as \$10 per month. Launched in April 2005 in the Dallas/Fort Worth area, the *Texas Saves* program is working to expand its reach in Texas. There is already an *El Paso Saves* program. In the first year, more than 200 joined the savings program. The hope is to continue to expand and tie the program to a variety of savings goals and opportunities.<sup>19</sup>

In another effort to encourage saving, Bank of America launched a program called “Keep the Change.” The bank rounds up all check card purchases to the nearest full dollar amount and deposits the amount in excess of the purchase into a savings account. For the first three months, the bank provides a 100% match for savings deposits through the program. After

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<sup>19</sup> For more information, please visit: [www.txsave.org](http://www.txsave.org).

the three months, a 5% match is provided.<sup>20</sup> Savings programs are most effective when options are available for accounts with lower minimum balance requirements to avoid fees.

**Financial institutions are offering more competitive remittance options and more Spanish-language customer information in print and on the web.**

Bank and credit union interest in international money transfers, remittances, continues to grow. Though they hold a small percentage of the total market, they are working to change products and make them more accessible and appealing for the target market.

One particularly interesting innovation is Directo a México, a new joint marketing effort between the Federal Reserve Bank and Banco de México designed to encourage U.S. financial institutions to use the Federal Reserve Bank's ACH International Mexico Service. Directo a México operates via account-to-account transfers that are deposited in the U.S. and are usually available in the beneficiary's savings account in Mexico by the next business day. Funds can be withdrawn through a financial institution or ATM. The program also offers a guaranteed .21% spread over the Banco de México rate for currency transferred. While the Federal Reserve Bank charges banks a \$0.67 fee per transfer, banks can determine what they charge customers to transfer funds. Most banks charge fees in the \$5 range.

None of the institutions surveyed offered Directo a México to their customers, though some offered other international money transfer products. Nationwide, 130 financial institutions have signed up for the program, including 18 in Texas.

Currently in its pilot phase, Bansefi, a Mexican governmental entity that is working to expand access to savings accounts in rural Mexico, is launching a program to allow individuals in the U.S. to open a temporary account in Mexico in order to send money using Directo a México. If successful, this program could help overcome an important barrier of the ACH program: the fact that only a small percentage of remittance recipients in Mexico are banked.<sup>21</sup>

Of the financial institutions surveyed in 2006:

- Seven offer money transfer services to send money to Mexico that are comparably priced to non-bank services (\$10 and under) and do not require the recipient to have a bank account in Mexico.
- Three institutions offer free remittances, two of which do not require the beneficiary to have an account.
- Fourteen institutions offer remittance options costing less than \$15 per transaction.
- One institution markets a specific account for remittances, but most market their regular accounts as remittance accounts. Any account with international ATM

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<sup>20</sup> [www.bankofamerica.com/promos/jump/ktc](http://www.bankofamerica.com/promos/jump/ktc). Accessed July 4, 2006.

<sup>21</sup> See [www.frbservices.org/Retail/pdf/DirectoMexico\\_Release050206.pdf](http://www.frbservices.org/Retail/pdf/DirectoMexico_Release050206.pdf) for more information about the pilot and the upcoming Directo a México<sup>SM</sup> road shows sponsored by the Federal Reserve.

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.

Compared to 2004, there are more international money transfer products offered by financial institutions. In 2004, eight of the financial institutions surveyed offered a product other than traditional bank wires geared towards lower dollar consumer transfers. Today 14 offer such a product.

Offering low-cost money orders is another important way that financial institutions in Texas are attempting to attract unbanked immigrant consumers into using banks and credit unions. The Texas Appleseed survey revealed that:

- Of the 32 institutions contacted, five offer money orders for between \$0.50 and \$1, a rate comparable to that charged by retail outlets. In 2004, four of the 33 financial institutions surveyed offered similar products.
- One institution offers free money orders to all account holders.
- Over half of the institutions offer money orders for \$3 and above, with the highest cost for account holders being \$5.97 and for non-account holders, \$10.

Finally, the survey looked at the availability of Spanish-language customer service and account information. In 2004, the survey was conducted in English. The 2006 survey was conducted in Spanish to gain better insight into the experience that an unbanked Mexican immigrant might have interacting with the financial institutions. We found that:

- Twenty-nine of the financial institutions surveyed offer customer service in Spanish, the same as in 2004.
- Twenty-one offer product literature in Spanish as compared to 17 in 2004.
- Fifteen of the institutions offer Spanish-language websites as compared to eight in 2004.

The near doubling of Spanish Internet banking services is significant. Financial institutions recognize the importance of building relationships using customers' native language, however lack of consistent quality in providing Spanish-language services to Mexican immigrants can discourage the unbanked from opening accounts. For example, during the course of this survey, our Spanish-speaking interviewer was transferred multiple times—in some cases—before a Spanish-speaking bank employee could be found. In one instance, a third-party translator was added to the call to help the customer service banking representative, who did not speak Spanish, complete the survey—making for an awkward interaction that could discourage a potential customer. Still other financial institutions only offer bilingual service at certain branches.

In conclusion, Texas financial institutions are much more aware of the economic potential in expanding their services to the Mexican immigrant market—and are making the greatest strides in remittance and other supplemental services. However, more progress is needed in

offering a range of products that will not end up costing immigrant consumers in hidden fees, offering consistent Spanish-language customer service, and providing improved consumer education about managing accounts and other financial institution products.



## **TEXAS BANKING AND CREDIT UNION INITIATIVES DESIGNED TO REACH MEXICAN IMMIGRANTS**

The 2004 Texas Appleseed report highlighted three types of banking and credit union strategies to overcome barriers to serving Mexican immigrant communities:

- Offering financial service products and initiatives designed to respond to community needs;
- 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.

Since 2004, a number of new bank and credit union initiatives have been launched or expanded in Texas to reach unbanked immigrants. Banks and credit unions from Amarillo to Tyler, and from El Paso to McKinney and Wichita Falls, have launched special branches or are looking into new ways to reach Spanish-speaking immigrants. A new community development bank, Aquilla Bank, designed to serve Spanish-speaking communities, was recently launched in Houston—and a new bank, Libertad Bank, was opened in Austin with the same mission. Another community development bank, Azteca Bank, is planning to open in the Austin market as well, with Spanish-speaking immigrants as its core target market. With such momentum in the marketplace, it is important that financial institutions know their target market and offer products and services that add value and are accessible.

The following section profiles three financial institutions of varying size that have altered their business approach to reach Mexican and Latin American immigrants in Texas. The three initiatives have key factors in common. They all developed their approach by identifying and responding to community needs. Each offers transitional banking services (check-cashing, money orders, and international money transfers) and other services that unbanked immigrants are accustomed to using at prices that are comparable to or better than the non-bank market. Finally, each of the initiatives emphasizes one-on-one customer service, and staff spends time with new customers to educate them on how to select the appropriate account products and to use them effectively.

Despite their similarities, the profiled institutions have taken different approaches to serve immigrant communities. Woodforest National Bank chose to open a new small branch with the feel of a check-cashing location in a local grocery store catering to Latin American immigrants. Many of their current account holders initially came to the branch as check-cashing customers. Unity One Federal Credit Union built a new stand-alone branch and community center catering to the unbanked Spanish-speaking community. Wells Fargo used its existing network of branches, emphasized Spanish-language service, and worked to develop product bundles to address community needs.



# Woodforest National Bank

*Conroe, Texas*

## Tu Banco Branch

### Background

Woodforest National Bank is headquartered in The Woodlands, Texas. The bank has 200 branches in Texas, North Carolina, and Virginia. Most of the bank branches outside of Montgomery County are in Wal-Mart stores. The bank currently has \$2 billion in assets.

The Woodforest branches located in Wal-Mart stores keep store hours, which means some branches are open 24 hours. The bank serves a broad array of customers, including lower income communities. The bank offers second chance accounts for people who have had trouble managing an account and offers check-cashing services and other transactional services at its branches.

### How did the Woodforest National Bank develop its approach for reaching the unbanked immigrant community in Conroe?

“About two and a half years ago, I was struck by the magnitude of demographic projections for the growth of the Hispanic community in Texas and convened a group of employees, including Hispanic employees, to create a template for how the bank might reach out to the Hispanic community and the recent Hispanic immigrant community,” said the bank’s Vice President for Strategic Relations. “Around the same time, Conroe ISD approached us about teaching the children about savings, (and noted that) the district had a high percentage of children with Spanish-speaking parents. Woodforest adopted Runyan Elementary School and created a kids’ savings account. Then, the parents began asking, ‘Why is there no bank for us?’”

Follow-up meetings with members of the Conroe Hispanic business community and experiences working in the local school led to the creation of the first Tu Banco branch of Woodforest National Bank. It was launched as a pilot reflecting bank CEO Robert Marling’s desire to take Woodforest in a new direction—expanding its reach into the unbanked Hispanic community. The first Tu Banco bank branch was located in a local grocery store, Fruitilandia, that caters to the Latin American immigrant community. The majority of the branch customers are originally from Mexico. There are now four other co-branded Tu Banco/Woodforest branches, two in Austin Wal-Marts, one in a Houston Wal-Mart and another in San Antonio.

Tu Banco is now profitable, two years and three months after its opening. The bank decided to accept the *matricula consular* system-wide in June 2005.

### Tu Banco: A Snapshot

Year of Program Inception	The Tu Banco branch in Conroe was opened in November 2003.
Target Customers	Spanish-speaking recent immigrants.
Number of Accounts Opened	1,375 active accounts.
Amount of Deposits	Approximately \$2 million.
Specialized Products and Services	The bank established the “Privilege Plus” account with a \$9.95 monthly fee that includes: free money orders, immediate access to funds from check deposits, free check-cashing, \$25 minimum opening balance, no minimum balance, and access to a debit card for \$12 per year. Many customers have transitioned to other bank products, particularly the free checking account. The bank accepts foreign government-issued identification, including the Mexican <i>matrícula consular</i> , at all of its branches.
Supplemental Products	U.S. Post office agent, phone cards, money transfers via Western Union, check-cashing at .85% for payroll checks to non-account holders.
Community Programs	Worked for <i>matrícula consular</i> acceptance as official identification in Conroe, participated in community coalitions serving immigrant community, participated in community fairs and events, and operated a banking program at a local elementary school serving many children of immigrant families.
Profitability	The stand-alone Tu Banco branch took two years and three months to reach profitability.

How many new accounts have been opened through Tu Banco?

As of May 2006, Tu Banco has 1,375 active accounts with \$2 million in deposits. Average account balance is \$1,450. The branch also does a lot of check-cashing. When the branch first opened, most of its income came from cashing checks. The branch started out opening

approximately 30 new accounts per month, but is now opening 75 to 100 new accounts per month.

Most profits are generated through check-cashing fees, account and debit card fees, as well as the supplemental products offered (notary, cashier's checks, Western Union, phone cards) and from deposits. Tu Banco does not offer any credit building or lending opportunities currently to most of their customers.

Thirty to 40% of Tu Banco customers use check-cashing only. Branch staff is working to transition more check-cashing customers into accounts, but many customers do not have the proper identification to open accounts. Most who do open checking accounts use them for the limited purposes of depositing savings and having a place to cash their checks.

#### What products and services does the bank offer for recently banked immigrant consumers?

The bank created a new account package for the Tu Banco branch called the Privilege Plus Account. For a \$9.95 monthly fee, the account includes access to a debit card for \$12 per year and free money orders, check-cashing, and Internet banking. It also includes 50% off of notary services and cashier's checks. The account has a \$25 minimum deposit and no minimum monthly balance. They also offer all of the standard bank account products, including a free checking account with no minimum balance. All accounts offer immediate access to deposits.

The majority of account holders use the free checking option. Customers often ask for a free account because they know that other banks in the area offer them. Of the 1,375 active accounts at the branch, 268 are Privilege Plus Accounts. Ten percent of account holders use the debit card option, and 5% use Internet banking. "Most people want to talk to a human being," commented the branch manager, and Spanish-language customer service representatives are available to help. Many local businesses accept checks written in Spanish, making it easier for customers to use formal banking services.

In addition to accounts, Tu Banco offers check-cashing, notary services, phone cards, service as a U.S. Postal Service agent, a coin machine, and international money transfers through Western Union. Forty to 50% of Tu Banco customers use the Western Union service. The phone cards are a popular offering, and check-cashing for account holders and non-account holders is an important part of the branch business. Check-cashing fees vary from .85% to 5% and are lower than the local competition. Usually, computer-generated payroll checks are cashed at .85 percent. Check-cashing fees are tied to the risk of the check, however Tu Banco will cash large checks issued by small businesses, enabling contractors, for example, to cash checks from builders to pay their employees.

Tu Banco's guidelines to open accounts include traditional forms of identification, such as a state identification card, driver's license, military identification card, and social security number. The bank also accepts foreign government-issued identification cards, such as the *matrícula consular*, as the primary identification to open accounts. Customers with foreign

government-issued identification must also fill out a W-8 form and must have an Individual Taxpayer Identification Number for interest-bearing accounts.

Tu Banco's hours are 9 a.m. to 8 p.m. Monday through Saturday and 9 a.m. to 3 p.m. on Sundays and holidays. Customers also can access the Woodforest branches at Wal-Mart locations, which often are open 24 hours.

Branch staff usually consults with customers opening accounts individually to educate them about how to use the account. Many new customers call daily to check the balances in their accounts because they are not confident that the funds will still be there. It takes some time to develop trust and comfort with the system. However, customers know that every time they call, a Spanish speaker will answer the phone and understand them and their questions, which is important for developing trust. Tu Banco is fully bi-lingual, with a bi-lingual manager. All bank materials are available in English and in Spanish. Woodforest National Bank makes an effort to have bi-lingual employees at all of their branches, but cannot guarantee the same access to Spanish-language service offered at Tu Banco.

Account overdrafts have not been a problem for Tu Banco customers. Ninety percent have no overdrafts. Tu Banco has also experienced fewer losses from check-cashing and accounts compared to other Woodforest branches.

#### What community outreach strategies has the bank used?

From its inception, Tu Banco has placed a priority on community outreach and engagement. One of the first initiatives of the senior bank staff was working with the Conroe City Council to accept the *matrícula consular* as official identification for city services. When the Tu Banco branch opened, the bank periodically chartered a bus to take Mexican immigrants to the Houston Mexican consulate to obtain their *matrícula consular* card. Opening a student banking program at Runyan Elementary School was instrumental in helping the bank reach out to the community and build trust. By providing a \$2 deposit to help children open their school bank accounts, Tu Banco has inspired 70 students to open accounts. Bank staff visits the school twice per month to take deposits. They encourage the students to save the money for education goals.

Community outreach has been key to Tu Banco's success in increasing the number of accounts opened and in creating trust within the target community. The branch manager participates in community events and works with community organizations.

As a result, Tu Banco is making progress in reaching second generation families as well as recent immigrants.

### Why has the program been a success for Tu Banco?

Tu Banco's success is due in large part to the support of high level bank staff who have been advocates for the initiative from the beginning. Their support and advocacy has enabled the branch manager to implement sufficiently innovative programs to make the branch profitable. Also critical to its success is having a staff that is fully bilingual and who care about serving the immigrant community. The branch only began to bring in new customers when a branch manager was hired who understood the target market and had a personal commitment to serving the community.

At the end of the first year, Tu Banco's manager felt he had exhausted traffic in the grocery store as a source of new customers and began to do more outreach in the community. Now the bank brings customers into the grocery store. The branch manager's goal is to see Tu Banco expand into other communities. He also would like to see stand alone branches.

Tu Banco has been a success for Woodforest National Bank because it has opened up a new customer base for Woodforest's entire network of branches. As the bank expands into other states with large immigrant communities, the Tu Banco experience will boost the bank's capacity to build relationships and reach unbanked communities.



# **Unity One Federal Credit Union**

*Fort Worth, Texas*

## **Northside Branch**

### Background

Unity One Federal Credit Union is headquartered in Fort Worth. The credit union was formed to serve the employees of the Burlington Northern Santa Fe Railroad. Currently, the credit union serves more than 50 select employee groups and aims to reach underserved communities.

Unity One has four branches, including three in the Fort Worth area and one in Minnesota. The credit union has \$112 million in assets.

### How did Unity One Federal Credit Union develop its approach for reaching the unbanked immigrant community in the Northside neighborhood of Fort Worth?

Unity One began planning to reach the underserved Hispanic market in Fort Worth in 2001. The credit union spent two years researching the market and learning about issues important to the community. In 2003, they hired Dr. Juan Hernandez to consult on the project and targeted the Northside neighborhood to open a new credit union branch. This neighborhood is 85% Hispanic with a large first generation immigrant community from the state of Guanajuato in Mexico.

As part of the process of building a new credit union branch in the community, Unity One created a Hispanic Outreach Advisory Board. The Board includes representatives from a local school, a local Spanish-language newspaper, a local church, the Hispanic Chamber of Commerce, the Boys and Girls Club, the Fort Worth Police Department, a community representative, a small business owner, and a mall owner. Credit union staff worked with the Board to arrive at a list of issues that were important to the Northside community. These included lack of access to and distrust of mainstream financial institutions, language barriers for accessing services, lack of official identification, low education attainment and high school drop-out rates, crime and gangs, low incomes, lack of access to basic healthcare, and lack of cultural respect from the broader community.

The next step was developing a strategy to address these challenges. Unity One created the branch to address community access to financial services and to try to create competition with the many check cashers and pawn shops in the neighborhood. The credit union purchased an old Burger King restaurant on a main commercial thoroughfare in the neighborhood and built a new branch and community center in its place. The branch opened in February 2005.

To address other community issues, Unity One became an organizing and active member of the Northside Coalition. They host most of the meetings at the community room in the

branch and are working to ensure that local non-profits work together and complement services. “We would like this to be a hub for meetings and part of the community strategic planning,” the Northside Branch manger said.

### Northside Branch: A Snapshot

Year of Program Inception	Planning began in 2001, with the Northside branch opening in February 2005.
Target Customers	Unbanked and Spanish-speaking members of the community.
Number of Accounts Opened	976 accounts.
Amount of Deposits	\$1.1 million, an average of \$1,130 per account. They also have made \$698,000 in loans at the branch.
Specialized Products and Services	Accept <i>matricula consular</i> to open accounts. They offer \$1 money orders for account holders and international money transfers through Vigo, charging \$8 to transfer up to \$1,000. All checking accounts are free with no minimum balance. Interest is paid if a daily balance of \$500 or more is maintained. Small cash advance loans of up to \$500 are available to all qualifying members, including those with an ITIN, at 18% interest.
Supplemental Products	Check-cashing is available to members only. Fees are \$2 for up \$500, \$5 for up to \$1,000. Check-cashing is free if the customer has the equivalent amount of the check in an account. Credit cards are also available to all members.
Community Programs	Provides a banking program at a local elementary school, participates in a community social service and asset building coalition, offers space in branch for community meetings, and sponsors soccer and other events for local youth.
Profitability	Based on the first year of activity, the branch is expected to reach the break even point within three years of opening.



How many new accounts have been opened through the initiative?

The Northside branch of Unity One Federal Credit Union has opened 976 accounts since opening in February 2005. Of those accounts, 130 were opened using the ITIN as the identifying number for the account. The branch has a total of \$1.1 million in deposits. The ITIN accounts have \$125,000 in deposits.

What products and services does the bank offer for recently banked immigrant consumers?

The credit union adjusted many of its policies and created new product offerings to serve the community of the Northside branch. The branch offers no minimum balance free checking accounts, although it did adjust identification guidelines for opening accounts. The *matricula consular* is accepted as primary identification to open an account, in addition to traditional forms of identification. Some verification of local address is also required. Customers must have a Social Security Number or an ITIN to access interest-bearing accounts. The branch staff will help customers fill out the ITIN application to submit to the Internal Revenue Service.

The most popular checking account offered at the branch is the “Best Free Checking,” which includes free unlimited transactions, a free check card, free online bill pay and banking, and free overdraft protection using a savings account. The branch also offers members check-cashing at fixed fees: \$2 for checks up to \$500 and \$5 for checks up to \$1,000. Checks are cashed for free if there is sufficient balance in the customer’s account to cover the check amount. Money orders are offered for \$1, and international cash-to-cash money transfers are offered using the IRnet credit union program through Vigo, at \$8 to transfer up to \$1,000 to Mexico. Financial education is currently offered by personal bankers through the account opening process. The branch also is planning to offer community financial education classes.

As part of the branch’s efforts to compete with the alternative financial service providers in the neighborhood, the credit union created a pay day lending product, a \$500 unsecured loan at an 18% annual interest rate. Customers who do not have a social security number may apply for the loan. The credit union uses its normal credit application process, which takes approximately 20 minutes, and may provide a pay day loan to customers with credit problems on a case by case basis. Over the past year, the branch has made 33 pay day loans. The branch also offers credit cards and has issued 30 to date. Both of these programs have not been as popular as the credit union expected, given the need for short-term credit in the community. The branch staff continues to strive to make people in the community comfortable coming into the branch for financial transactions that traditionally have been conducted in alternative financial service outlets.

Of the accounts opened at the Northside branch, 45% use direct deposit. They have 153 online banking users. Account overdrafts have not been a frequent occurrence at this branch. Convenience is a key issue for customers and one that makes it challenging for the credit union to compete with local check cashers. They offer more traditional banking

hours, 9 a.m. to 5 p.m. Monday through Thursday, 9 a.m. to 6 p.m. on Friday, and 9 a.m. to 1 p.m. on Saturday. Friday and Saturday are the busiest days for the branch.

The Northside branch is fully bi-lingual, with a bi-lingual branch manger. Other branches of the credit union have at least one bi-lingual employee. A section of the credit union website is available in Spanish, and the signage is fully bi-lingual at the Northside branch. The call center has a Spanish option and gets 20-30 calls per day in Spanish out of 150-160 calls daily. Account materials are currently unavailable in Spanish, but the credit union is working to translate their publications. Most information is shared with customers verbally one-on-one.

The branch is family-friendly, with a comfortable and inviting design and a youth area. "Families like to go places together. Anything we can do to promote that will benefit us," commented the branch manager. Unity One recently received the "Juntos Avazamos" award from the Texas Credit Union League, acknowledging its achievements in reaching out to the underserved Hispanic community.

#### What community outreach strategies has the credit union used?

Community involvement has been key from the start. The credit union developed a strategic plan specifically for the branch and for the Hispanic market to guide activities and initiatives in the community.

Credit union staff began their community work one year prior to opening the branch. In addition to their involvement in neighborhood coalitions, they partnered with a local elementary school to open a branch at school. They invested \$1,000 in Kid Credit Union software and used a donated PC to process deposits. They open only savings accounts, and the students must apply to the principal and present a compelling reason in order to withdraw money.

There has been a great response to this initiative. They were declared the top school-based branch in the nation by the banking software maker. They have opened 176 accounts for about half of the students in the school and took in \$3,000 in deposits in the first four months of the program. Now that some children have close to \$600 in their accounts, Unity One is transitioning them to an interest-bearing savings account at the credit union. Branch representatives visit the school on Wednesdays during lunch to accept deposits as small as \$0.10. A group of 10 fifth graders serve as tellers. One credit union employee and three students take each shift. Two students take deposits, and one enters them into the computer; then they balance the books after the branch closes. The parents of a majority of children participating in the school program have opened accounts at the credit union. This school partnership costs Unity One about \$1,500 annually.

To supplement the school banking program, Unity One offers special incentives to the children to help reinforce school priorities. In the first two years, the school priority was improving attendance. Unity One offered t-shirts to students with perfect attendance for the six-week grading period. They raffled a bicycle for a student with perfect attendance and

allowed these students to attend a skating or hot dog party. To help reinforce a school priority on improving reading this past year, Unity One sponsored a visiting author and helped underwrite a party for kids who reached teacher-established reading goals.

The credit union has sponsored many community events, including a soccer tournament attended by 200 children and their family members. They also hosted a League of United Latin American Citizens Kids carwash in the credit union parking lot. At the credit union's grand opening, Unity First offered a health fair with immunizations, as well as consumer credit counseling. Unity One continues to actively participate in nearly every Hispanic community event in the area including participation in La Gran Fiesta festival and the Hispanic Wellness Fair and serving as host for a Fort Worth Hispanic Chamber of Commerce mixer.

Unity One staff believes that community involvement and outreach have been key to establishing and supporting the growth of the Northside branch. It is an important driver of word-of-mouth support, which is essential to bringing new customers into the Northside branch.

Why has the program been a success for your financial institution?

The Northside branch has been successful in the short-term for Unity One Federal Credit Union as an initiative to reach the underserved communities in their service area. The credit union has been able to support the community by offering financial services, supporting local schools, and helping to promote collaboration and networking among social service providers.

Unity One had hoped to achieve greater market penetration through basic accounts and their pay day lending and remittance product offerings in the first year. However, the credit union acknowledges that their new branch and initiatives have been important to the community and that it takes time and a consistent presence to build trust and change the way people are accustomed to making financial service transactions. The credit union expects the Northside branch to reach the breakeven point in three years, a time period that is longer than other branches, but one that reflects the long-term commitment it takes to reach unbanked markets.



# **Wells Fargo**

## *Austin, Texas*

### **Austin Initiative to Reach Spanish-Speaking Immigrants**

#### Background

Wells Fargo is one of the largest banks in the United States, with \$500 billion in assets. It is based in San Francisco and has a decentralized approach to management, with each community having a local hierarchy of leadership with some autonomy to make decisions to meet the local needs of communities it serves. Wells Fargo serves 201 cities in Texas and has 51 branches in the Austin area.

Wells Fargo has presence in Austin neighborhoods with large concentrations of immigrant families, including areas in south and east Austin and in a centrally located Fiesta grocery store that attracts many shoppers from the Spanish-speaking immigrant community.

#### How did Wells Fargo develop its approach for reaching the unbanked immigrant community in Austin?

Wells Fargo in Austin launched its initiative in May 2001 after being approached by the City of Austin to help make bank accounts accessible to unbanked immigrants from Mexico. The city had witnessed a dramatic increase in crimes targeting Spanish-speaking immigrants, including four murders in one year. The crimes were all connected to robbery, and the police department and local Consulate of Mexico saw access to bank accounts as one way to make the community less vulnerable—creating a safe option to carrying large amounts of cash on pay days and storing cash savings in their homes.

The city and Mexican consulate reached out to a number of financial institutions in Austin about accepting an identification card issued by the Mexican consulate as primary identification for opening an account. Because of local flexibility in company policies, Wells Fargo, was able to launch a pilot program to accept the Mexican *matricula consular* as primary identification to open an account, making accounts accessible to many immigrants who previously did not have the option to use a bank. “We saw a compelling need and were able to step up and try to fill it,” commented Wells Fargo’s community development officer in Austin.

As part of the initiative, Wells Fargo employees worked with the Austin Police Department and the Mexican consulate to conduct community events. These events were designed to encourage people in the Spanish-speaking immigrant community to call the police if they had a problem and to let the target community know about the new option to open a bank account using the *matricula* card. Wells Fargo in Austin continues to participate in such community events and helps to organize booths for financial institutions at the Mexican consulate. These approaches have helped the bank gain trust and recognition in the target communities.

## Wells Fargo Initiative: A Snapshot<sup>22</sup>

Year of Program Inception	May 2001.
Target Customers	Unbanked Mexican and other Spanish-speaking immigrants.
Number of Accounts Opened	750,000 accounts opened nationwide with the <i>matricula consular</i> card. Texas information not available.
Amount of Deposits	Information not available.
Specialized Products and Services	The <i>Gold Package</i> <sup>SM</sup> account bundles many services that a recently banked immigrant might use. For a monthly fee of \$10, customers receive at no additional charge checks, a check card, money orders and cashiers checks, a discount on InterCuenta Express <sup>®</sup> account-to-account transfers to Mexico and other countries, and \$10,000 in accidental death insurance.
Supplemental Products	Free check-cashing for payroll checks drawn on a Wells Fargo account; free money orders for check-cashing customers up to the amount of the check; \$7 charge for cash-to-cash transfers to Mexico, Guatemala and El Salvador. Non-account holders can use this service.
Community Programs	Collaborations with the Austin Police Department and Consulate of Mexico for community outreach, work with local schools and community organizations to promote financial education through the <i>El futuro en tus manos/Hands on Banking</i> <sup>®</sup> interactive on-line and CD-based program, and national initiatives to empower Hispanic students including the Hispanic Scholarship Fund and the Hispanic Leadership Initiative.
Profitability	The Wells Fargo initiative is a long-term commitment to the community. Current information is unavailable.

<sup>22</sup> The account products described are offered by all Wells Fargo branches. The cash-to-cash remittance option to Mexico, Guatemala, and El Salvador is available only in select markets, including Austin, Texas.

After less than one year of piloting the initiative, all Wells Fargo stores nationwide made the move to accept the *matricula consular* as one form of primary identification that may be used to open an account. The bank also accepts identification issued by other consulates, including the consulates of Guatemala, Argentina, and Colombia.

How many new accounts have been opened through the initiative?

Wells Fargo has opened 750,000 accounts nationwide using the *matricula consular* as primary identification, since 2001. The Austin Wells Fargo team has found that strong community connections and partnerships and because they were the first bank in the Austin market to open their doors to unbanked immigrants have contributed to its success in reaching out to unbanked Latin American immigrants.

What products and services does Wells Fargo offer for recently banked immigrant consumers?

In addition to regular product offerings, Wells Fargo developed an account package called the *Gold Package*<sup>SM</sup>, which includes products and services that are often used by recently banked immigrants and other individuals who send money to family members in international markets served by the InterCuenta Express<sup>®</sup> remittance program.<sup>23</sup> For a \$10 monthly fee, customers receive at no additional cost: checks, a check card, a savings account, a discount on InterCuenta Express<sup>®</sup> transfers, on-line banking and bill pay, money orders, cashier's checks, single signer Traveler's checks, \$10,000 in accidental death insurance, and discounts for a safe deposit box and on certain loan products.

Customers can open a bank account using a driver's license; consular identification card from the Mexican, Colombian, Argentinean, or Guatemalan consulates; a passport; state identification card; or military identification card as their primary identification. Secondary identification documents include a Social Security Number, the Individual Taxpayer Identification Number, a credit card, a debit card, a student or employee identification card, or a voter registration card from the United States or another country. A primary and secondary form of identification are required to open an account.

For non-account holders, the bank offers free check-cashing for payroll checks drawn on a Wells Fargo account and a \$5 fee for cashing other checks. Free money orders up to the amount of the check cashed are available for check-cashing customers. Money orders are not available for other non-account holders. Dinero-al-Instante is a cash-to-cash remittance service to send money to Mexico, El Salvador, and Guatemala. Individuals can send a remittance of up to \$3,000 per day for a \$7 fee. This service is available in approximately 200 branches in Arizona, California, and Texas.

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<sup>23</sup> InterCuenta Express<sup>®</sup> offers account-to-account remittances to El Salvador, Guatemala, India, Mexico, and the Philippines.

Wells Fargo offers most account and informational brochures in Spanish and has a dedicated toll-free Spanish-language 24-hour customer service line. The bank also offers a toll-free line with Spanish-language service for its international remittance products. The bank website is available in Spanish, and ATM machines can be accessed in English, Spanish, Chinese, Hmong, Korean, and Vietnamese.

At branches serving large Spanish-speaking communities, many managers and staff are bi-lingual. The bank tries to maintain bi-lingual staff at all branches and has bi-lingual managers in branches across Austin and across the bank's 23 state Regional Banking network. The bank also tries to maintain staff fluent in other languages depending on the communities in the service area. As Wells Fargo opens new branches and remodels existing ones in predominantly Latino communities, the bank is creating what it calls "Latino Designated Stores," which are designed to be more accessible to Spanish speakers and to provide comfortable décor and a familiar atmosphere.

#### What community outreach strategies has the bank used?

Wells Fargo in Austin has partnered with the Austin Police Department and the Mexican consulate to sponsor community events designed to educate the local Mexican immigrant community about financial service options and help build trusting relationships between the community and local law enforcement. The bank staffs booths each week at the Mexican consulate to educate individuals about financial services and to recruit new customers.

In addition to Wells Fargo's coordinated activities, each store manager is engaged in the community at varying levels. In one Austin area store, the manager regularly visits construction sites where the employers are Wells Fargo customers and reaches out to the workers, providing information and encouraging them the bank's financial services. Another branch manager is working to set up an account program at a local elementary school where many of the children come from Spanish-speaking immigrant families.

The bank also promotes and teaches its financial education curriculum in local schools and community organizations. The curriculum, *El futuro en tus manos/Hands on Banking*®, was developed in partnership with a California non-profit organization and is also available in interactive form on the Internet and on CD.

In addition to local outreach, Wells Fargo is involved nationally with the Hispanic Scholarship Fund, the Anna Maria Arias Award for Latina entrepreneurship, the National Hispanic Leadership Institute, the New America Alliance, and Habitat for Humanity, among other projects.

#### Why has the program been a success for your financial institution?

Financial services companies are always looking for new markets to serve. The unbanked market has received a lot of attention in recent years, with particular focus on the immigrant community. As one of the first financial institutions nationwide to accept the *matrícula*



*consular*, Wells Fargo has worked to make its products and services both accessible and appropriate for unbanked immigrant communities. The bank has been able to open a large number of new accounts through its initiative. It also has opened up new professional opportunities for Spanish speakers in the bank, creating a workforce that better resembles the communities where it operates.

The Austin Wells Fargo senior management has established a Wells Fargo Austin Diversity Council to promote diversity among employees and to target areas of need in the Austin community. This council is part of the larger bank-wide Wells Fargo Corporate Diversity Council initiative. The bank also has Team Member Resource Groups to foster diversity and target best practices for Wells Fargo executives. The groups include chapters that represent the interests of Latino and African American employees and communities.

The Wells Fargo community development officer in Austin reflected, “As a Hispanic woman in the banking field, I used to feel that there was a glass ceiling. Recent initiatives that have highlighted the importance of the Latino community and other underbanked communities have opened up opportunities for minorities in the banking sector.”

## CONCLUSION

Financial services for Mexican immigrants in Texas have improved over the past two years. The market is dynamic, with new product and service packages, new pricing, and even new financial institutions launched specifically to reach Spanish-speaking customers. At a time when there is a lot of movement in the marketplace, the ongoing debate over national immigration policies is being closely watched by financial institutions. However, the reality on the ground does not change. The Mexican immigrant community in Texas continues to grow and is a dynamic contributor to the state's economy.

Today, banks and credit unions in Texas are embracing alternative identification, Spanish-language service, and transitional products to make mainstream financial services more attractive and accessible to immigrant consumers. Banks are becoming increasingly competitive in international money transfer services, providing options for beneficiaries (with or without an account) and offering discounted fees with the opening of a checking account. More consumer choices are becoming available as banks become more aware of the market potential and as the number of partnerships and mergers increases between banks in the United States and Mexico.

The experiences of financial institutions profiled in this report underscore the importance of reaching out to immigrant communities and being sensitive—not only to potential customers' financial needs—but to the language and cultural issues that affect their levels of trust in mainstream financial institutions. One financial institution profiled in this report asserted that community outreach has been the key to their success in serving the Latino immigrant community.

There are still improvements to be made in offering better consumer education and pricing for transactional services—and in looking to the next level of service: access to prime rate credit to facilitate homeownership and entrepreneurial activities in immigrant communities. Reaching out to unbanked immigrant communities is a long-term process, but integrating them into mainstream financial service systems is profitable over time and contributes to the security and asset-building potential of Texas communities.

## APPENDIX A: DETAILED SURVEY RESULTS

### Financial Institutions Surveyed

This study presents data collected from 32 financial institutions operating in Texas. The institutions include nine multi-state banks, 14 Texas banks, and nine credit unions. Most are the institutions surveyed by Texas Appleseed in 2004 – five have merged or changed their name, and three new banks have been added. Their interest in serving Mexican immigrants was identified initially through media coverage of bank outreach efforts or using lists of financial institutions accepting the *matrícula consular* provided by the Mexican Consulate and trade associations or included in publications.

#### Multi-State Banks:

Banco Popular	Wachovia Bank*
Bank of America	Washington Mutual
Chase Bank**	Wells Fargo
Citibank*	Whitney National Bank
Metro Bank	

#### Texas Banks:

First Convenience Bank*	Lone Star National Bank
First Presidio Bank	Marfa National Bank
First State Bank, Smithville	Sterling Bank
Fort Davis State Bank	Surety Bank
Frost Bank	Texas State Bank
International Bank of Commerce	View Point Bank**
Laredo National Bank**	West Texas National Bank

#### Credit Unions:

Border Federal Credit Union	Neighborhood Credit Union
City Credit Union	San Antonio Federal Credit Union
El Paso Bell Federal Credit Union	Security First Credit Union
Greater El Paso Credit Union**	Velocity Credit Union
Members Trust of the Southwest Federal Credit Union	

\* New bank added

\*\* Name change or merger

### Methodology

The purpose of the survey is to identify how well Texas financial institutions are meeting the needs of the Mexican immigrant market. The survey was conducted between March and May 2006 and reflects account information provided at the time of contact with the financial institutions. Product and service offering information was collected through financial institution websites and through a phone survey with customer service employees

at each institution. Phone surveys and Internet searches were conducted in Spanish to best ascertain how financial information was provided to Spanish-speaking immigrant customers. Any errors reflect the information provided to us through the above survey process.

### Survey Results

The following survey results present an overview of account and supplemental service offerings. Please see APPENDIX B for a matrix of 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**

All nine multi-state banks surveyed consider the *matrícula consular* acceptable identification for opening checking accounts. One bank only accepts the *matrícula* as secondary identification, and another bank allows each individual branch to decide whether or not the card can be used to open an account.

Opening Deposit: Five banks have opening deposit requirements of \$100, while one bank has an option that requires a \$300 deposit into a savings account to obtain the checking account. One bank opens a checking account with only \$0.01. Six banks have opening deposits of \$1 to \$50.

Minimum Balance: All of the banks surveyed stated that there was not a minimum balance requirement for checking accounts. However, two banks offer a monthly fee waiver when a balance requirement is met.

Monthly Fees: Four of the nine banks surveyed provide free checking accounts without direct deposit. Monthly fees for the remaining banks' services range from \$3 to \$8 if direct deposit is not utilized. One bank offers two other options to waive the monthly fee: meeting a balance requirement or making two recurring online bill payments.

Transactions: Eight banks allow unlimited teller transactions. Another bank offers a checking account that limits free withdrawals to eight per month.

Comparison to 2004 Bank Survey: A current minimum deposit of \$0.01 is a new, option compared to the lowest minimum balance of \$1 documented in the 2004 survey. All of the banks, as opposed to a majority of banks in the 2004 survey, do not have an official minimum balance requirement. There are also more accounts in the present survey that do not have transaction limits. Fewer banks are offering an ATM card for checking accounts as compared to 2004. Instead, they are offering only a check card.

### **Savings Accounts**

Eight of the nine banks offer savings accounts to individuals opening accounts with *matrícula consular* cards and who have no U.S.-issued identification document.

Opening Deposit: Opening deposits range from \$0 to \$500.

Minimum Balance: The minimum balance to avoid monthly fee ranges from \$0 to \$500. One bank offers the option of transferring \$25 from a savings account to a

checking account or a monthly direct deposit of \$100 to avoid the minimum balance fee.

Monthly Fees: Fees range from \$2 to \$5. One bank waives its fee with direct deposit into savings.

Transactions: One bank provides unlimited ATM and teller withdrawals. Another bank allows six free transactions, including four teller transactions. The rest of the banks allow one to eight free transactions per month.

Interest Rates: Interest rates ranged from 0.15% to 1.10%.

Comparison to 2004 Bank Survey: There is a greater difference in the range of interest rates that savings accounts can earn, 0.15% to 1.10% in 2006 compared to 0.14% to 0.40% in 2004. Another difference in the present survey is that one bank offers unlimited ATM and teller withdrawals. One account requires no opening deposit.

### **Overdraft Protection and Insufficient Funds**

All of the nine multi-state banks surveyed offer overdraft protection in various forms. Many of the banks have multiple options for overdraft protection. Seven multi-state banks offer overdraft protection on a line of credit where an application is required. Six multi-state banks offer automatic savings account transfers upon overdraft, and four multi-state banks offer bank credit cards as an alternative to overdrawing. Use of these 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 \$19 to \$34.

Comparison to 2004 Bank Survey: Overall, the options offered for overdraft protection are similar in both surveys. In 2006, all banks offered some form of overdraft protection compared to seven out of eight surveyed banks offering some type of overdraft protection in 2004. A wider range of fees for insufficient funds was reported in 2006 (\$19 to \$34) compared to 2004 (\$33 to \$38).

### **Remittance Products**

Four of the multi-state banks surveyed offer alternative remittance options and most offer traditional wire transfers. Three banks offer remittances at no additional charge for customers with certain accounts or account packages. The services allow the beneficiary to receive the remittance as cash or as a deposit into his/her account at a Mexican bank.

Another bank offers two options to remit money to Mexico: an account-to-account transfer of up to \$3,000 via the Internet or ATM for a fee of \$5, if the beneficiary

has an account with Banamex; or issuing the beneficiary a card that can be used at ATM's to withdraw funds the sender has placed into the card's account.

One bank offers a separate account dedicated to remittances with a minimum balance of \$1,000, which can then be withdrawn from ATM's all over Mexico, Latin America, the Caribbean, and Spain.

The most common option offered by all of the surveyed multi-state banks is a traditional wire transfer. When sending internationally, the cost ranges from zero to \$40. Traditional wire transfers generally require the sender and recipient to have a bank account.

Comparison to 2004 Bank Survey: In comparison to 2004, there are more banks offering remittance options beyond wire transfers. From two banks in 2004, there are now four multi-state institutions that offer such remittance options. Remittance options themselves seemed to be less cumbersome than those documented in the 2004 survey. Options that include Internet and ATM transfers, exclusive remittance accounts, and the ability to send money without requiring the beneficiary to have an account are making it easier for bank customers to remit money.

### **Additional Transaction Options**

Money Orders: All of the banks provide money orders at a cost comparable to the monthly fee of a savings account, \$3 to \$5 for account holders. One bank offers money orders for \$10 for non-account holders.

Online Banking: Eight of the nine banks offer free online bill pay and access to online banking with no requirements. One bank requires a checking account to have free online bill pay.

Comparison to 2004 Bank Survey: A majority of surveyed banks now offer online bill pay compared to only half of the eight banks interviewed in 2004. There was no mention of a cash advance option at any of the banks surveyed two years ago. The range of cost for money orders remains the same.

## Texas Banks

### **Checking Accounts**

Ten of the 14 state banks surveyed accept the *matricula consular* as a valid form of identification to open a checking account.

Opening Deposit: Opening deposits range from \$10 to \$100.

Minimum Balance: Eleven of the banks offer accounts with no minimum balance. One bank's minimum balance requirement is dependent on how much the customer wants to spend on the monthly maintenance fee. The remaining three banks require a minimum balance ranging from a low of \$10 to a high of \$750.

Monthly Fees: Seven accounts have monthly service fees ranging from \$3 to \$10.97. Four of these accounts allow fees to be waived through direct deposit or meeting a minimum balance requirement. Nine of the accounts have no monthly fee. Four of the banks charge a monthly fee of \$1 to \$1.50 for a check card.

Transactions: Two accounts limit the number of free checks written monthly to 15 or 25. One bank places a \$400 withdrawal limit per day.

Comparison to 2004 Bank Survey: Fewer banks offer an account with no minimum balance in 2006. In both surveys, nine of the accounts have no service fee. Some banks are now charging a monthly fee for a check card, a change from 2004. No Texas bank will open accounts with \$0.01 in 2006, although this was possible two years ago at some surveyed institutions. Also, the minimum balance requirements are somewhat tighter (\$10 to \$750) compared to 2004 when they ranged from \$20 to \$1,000.

### **Savings Accounts**

Ten out of the 14 banks surveyed offer savings accounts to individuals using the *matricula consular*. Of these banks, two also require an Individual Tax Identification Number (ITIN), social security number, or visa.

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

Minimum Balance: Minimum balances to avoid monthly or quarterly fees range from zero to \$500. One bank offers a 90-day grace period to accumulate the minimum balance.

Monthly Fees: Monthly fees range from \$2.50 to \$5. The four banks with quarterly fees charge from \$3 to \$6 per quarter.



Transactions: Six banks limit free withdrawals to three to six per quarter. One bank allows unlimited transactions per month. Four banks offer between two and nine withdrawals per month.

Interest Rates: Interest rates currently range from 0.25 to 0.95 %.

Comparison to 2004 Bank Survey: A broader range of opening deposit requirements was documented in 2006 (\$0 to \$200) compared to 2004 (\$20 to \$100). However, a shrinking range of minimum balance requirements was reported: \$20 to \$1,000 in 2004 compared to \$0 to \$500 in 2006. This year, one surveyed bank has no minimum balance requirement; none of the surveyed banks allowed that in 2004. Maximum interest rate charges remain about the same over the two-year period.

### **Overdraft Protection and Insufficient Funds**

Thirteen of the 14 state banks offer overdraft protection. Eight 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. Additional overdraft protection is offered to customers who authorize automatic account-to-account transfers. Four banks offer transfers from savings accounts to checking accounts to cover overdrafts. If overdraft protection is not offered by the bank or authorized by the customer, insufficient funds fees range from \$22 to \$35.

Comparison to 2004 Bank Survey: More state banks offer overdraft protection than banks surveyed in 2004. Two more banks offer courtesy pay. The same number of banks offer savings-to-checking account transfers.

### **Remittance Products**

Two of the 14 banks do not provide international money transfer services. Most banks provide only traditional wires. The two banks with the highest fees (\$65 and \$88) offer options to transfer money to Mexico. One bank charges \$3 to wire money and the beneficiary does not need an account.

Comparison to 2004 Bank Survey: In 2004, and again in 2006, two surveyed state banks did not offer international money transfer services. The majority did, however. The minimum cost to wire money dropped significantly in 2006, with a low of \$3 per transaction among surveyed banks compared to \$15 in 2004. On the other hand, the maximum that surveyed banks charged for this service was \$55 in 2004, compared to a high of \$88 in 2006.

## **Additional Transaction Options**

Money Orders: One state bank offers money orders free of charge to all account holders, while another offers free money orders depending on the type of checking account the customer has. The cost for a money order ranges from \$1 to \$10. Eight of the 14 offer money orders for \$2 or \$3 to account holders.

Online Banking: Five of the state banks offer free bill pay. Five of the banks offer the service at a charge of between \$5.95 and \$12.95 per month. One bank charged \$0.50 per bill paid. Another bank charged \$5.95 for online banking. All of the banks that offer free bill pay have a free online banking option.

Comparison to 2004 Survey: The range of cost for money orders has increased from \$2 to \$5.07 in 2004 to \$1 to \$10 in 2006. Fewer banks offer money orders of \$2 to \$3 for account holders, and only one state bank offers money orders free of charge to account holders.

There has been no change in the number of banks offering free online bill pay. The maximum charge for this service has increased from \$5.95 in 2004 to \$12.95 in 2006.

## Credit Unions

### **Checking Accounts**

Seven of the nine credit unions surveyed offer checking accounts to *matrícula consular* holders who do not have a social security number. One credit union accepts the *matrícula consular* only with a social security number.

Opening Deposit: Three of the credit unions have no required opening deposit. The rest of the credit unions require a \$20 to \$50 deposit. One bank waives its opening deposit of \$25 with direct deposit.

Minimum Balance: All nine credit unions offer account options that have no minimum balance requirement and no monthly fee. Two account options require a balance of \$1,000 and \$2,500, respectively, to avoid a monthly fee.

Monthly Fees: All nine credit unions offer free checking accounts with no minimum balance requirement. One credit union charges a monthly fee of \$1 for the use of a check card.

Transactions: All nine credit unions offer a check card, and two of them offer an ATM card along with the check card. Two of the credit unions had a limit of \$500 and \$1,000 on ATM withdrawals per day.

Comparison to 2004 Bank Survey: The reported minimum to open a checking account (among surveyed credit unions) dropped from \$100 two years ago to \$0 in 2006. All credit unions surveyed in 2006 offer some account with no minimum balance requirement. All credit unions, as opposed to eight out of nine in 2004, offer an account with no monthly fees.

### **Savings Accounts**

Seven of the nine credit unions surveyed offer savings accounts to *matrícula consular* holders who do not have access to a social security number. One credit union accepted the *matrícula consular* only with a social security number.

Opening Deposit: One credit union does not require an opening deposit. Eight of the credit unions require an opening deposit of \$5 to \$55.

Minimum Balance: For eight of the credit unions, the minimum balance ranges from \$0 to \$50. One credit union requires opening a checking account with savings or maintaining a minimum balance of \$500 in savings. Two credit unions require customers to pay an additional \$2 nonrefundable membership fee when opening an account.

Monthly Fees: Eight of the nine credit unions do not charge a monthly fee.

Interest Rates: Interest rates ranged from 0.28 to 1.30%. Three accounts require a minimum balance in order to receive interest.

Transactions: Five of the nine credit unions limit withdrawal transactions to six per month. Two other banks have a transaction limit of three or four per month. One credit union allows six electronic transactions and four teller transactions.

Comparison to 2004 Bank Survey: There was no significant change in the number of credit unions accepting the *matricula consular* to open a savings account. The minimum deposit required to open a savings account increased from \$1 in 2004 to \$5 in 2006. The minimum balance required to maintain a savings account has dropped from a range of \$0 to \$250 in 2004 to a range of \$0 to \$50 in 2006. Maximum interest earnings are about the same. In 2006, all credit unions placed some type of limit on the number of withdrawals from savings before a fee is charged, whereas four credit unions offered an unlimited number of free withdrawals from savings in 2004.

### **Overdraft protections and Insufficient Funds**

Three credit unions offer overdraft protection through savings accounts transfers. Two of the nine credit unions offer courtesy pay, although one restricts access to members who have remained in good standing for varying lengths of time. Three of the credit unions offer a line of credit. According to the credit unions surveyed, accounts come with overdraft protection and, when that feature is used, applied fees range from \$17.50 to \$30.

Comparison to 2004 Bank Survey: Three of the nine surveyed credit unions offer overdraft protection through savings account transfers, compared to nine out of 10 surveyed in 2004. Only two of the nine credit unions offer courtesy pay, down from nine out of 10 in 2004. Seven of the nine credit unions offered a line of credit in 2004, while in 2006 only three credit unions offer the same option. Fees charged for insufficient funds have changed from a range of \$20 to \$35 reported in 2004 to \$17.50 to \$30 in 2006.

### **Remittance Products**

Eight of the nine surveyed credit unions offer international money transfer services. The price for outgoing transfers ranges from \$15 to \$40.

Most credit unions use IRnet, an international money transfer service offered to credit unions by Vigo. It charges \$10 to \$18 to transfer money to Mexico.

Comparison to 2004 Bank Survey: The maximum cost to wire money to Mexico has decreased from \$60 in 2004 to \$40 in 2006, however most surveyed credit unions use IRnet and charge \$10 to \$18 per transaction.

### **Additional Transaction Options**

Money Orders: Money orders cost from \$0.50 to \$2. One credit union does not offer money orders, but does offer official checks under \$1,000 at no cost.

Online Banking: Six of the credit unions provide free online banking and bill pay. One bank waives its \$6 monthly fee if five or more bills are paid per month. Another credit union offers bill pay at \$6.50 per month.

Comparison to 2004 Bank Survey: The maximum cost of money orders has decreased from \$5 in 2004 to \$2 in 2006.

All of the credit unions in latest survey offer online banking and bill pay. Six of the nine credit unions do not charge for these services, compared to three in 2004.

## APPENDIX B: Detailed Survey Matrix

The following tables present information collected through this survey of financial institutions. Please see p.34 for a description of the survey methodology. The tables are divided into multi-state banks, Texas banks, and credit unions, and further divided into such categories as checking and savings account information.



Multi-State Banks



**Multi State Banks  
Checking Accounts (p. 1 of 3)**

<b>Bank</b>	<b>Type</b>	<b>Opening Deposit</b>	<b>Minimum Balance</b>	<b>ATM Card</b>	<b>Check card</b>	<b>Limitations on Account Transactions</b>	<b>Additional Features</b>	<b>Monthly Fee</b>	<b>Overdraft and Non-Sufficient Funds Fees</b>
Banco Popular	Totally Free Checking	\$50	None	No, check card used	Yes	Unlimited check writing & debits - \$1000 debit limit, \$2000 credit limit		Free	Overdraft protection established through transfer from savings, or customer may solicit a line of credit with a \$5 fee per use. Non-sufficient funds fee is \$30.
Bank of America	My Access	\$25	None	No, check card used	Yes	Unlimited		\$5.95 fee waived with direct deposit	Overdraft protection established through transfer from savings to checking or bank credit card, with a \$10 fee per use. Non-sufficient fund fee begins at \$19 for 3 to 5 overdrafts; \$31 to \$34 for 6 or more overdrafts.
Chase Bank	Free Checking	\$25	None	No, check card used	Yes	Unlimited	E-mail alerts, online check images, online statements	\$6 fee waived with direct deposit	Overdraft protection established through a line of credit, savings account, or credit available with a \$10 fee per use. Non-sufficient funds fee is \$32.
Citibank	Access	\$0.01	None	No, check card used	Yes	Unlimited	Check card and ATM transactions only, no checks	\$3 fee waived with direct deposit	Various overdraft protection programs used: Safety Check - \$5 fee to transfer money from savings to checking; Checking Plus - credit line of up to \$500 for \$5 fee per year. Non-sufficient funds fee is \$30.

The information in this chart is based on financial institution websites and calls to customer service representatives from March 2006 to May 2006.

**Multi-State Banks  
Checking Accounts (p. 2 of 3)**

Bank	Type	Opening Deposit	Minimum Balance	ATM Card	Check Card	Check Transactions	Limitations on Account Transactions	Additional Features	Monthly Fee	Overdraft and Non-sufficient Funds Fees
Citibank (cont.)	Basic Checking	\$0.01	None	No	Yes	8 withdrawal transactions			\$3 fee increases to \$9.50 for more than 8 transactions	
	EZ Checking	\$0.01	None	No	Yes	Unlimited			\$9.50 fee waived with either direct deposit (\$1,500 in combined checking and savings) or 2 recurring online bill payments per month	
Metro Bank	Success/EZ checking	\$100	None	Free	Free	10 checks/withdrawals			\$0.50 per check or withdrawal after set limit	Overdraft protection through an approved line of credit of \$500.
Wachovia Bank	Free Checking	\$50	None	No	Yes	Unlimited		First order of checks free, \$2 fee for use of non-Wachovia ATM	None	Overdraft protection established through transfer from savings, a line of credit, or Wachovia credit card with a \$10 fee per use. Non-sufficient funds fee is \$25 for first 3 transactions only.
Washington Mutual	Free Checking	\$1	None	Yes	Yes	Unlimited		Free checks for the life of the account, free withdrawals from competitor ATM's	None	Non-sufficient funds fee of \$30 refunded once a year. Overdraft protection established through several credit line options depending on relationship with bank and credit history.

The information in this chart is based on financial institution websites and calls to customer service representatives from March 2006 to May 2006.

**Multi-State Banks  
Checking Accounts (p. 3 of 3)**

Bank	Limitations on Account Transactions						Overdraft and Non-sufficient Funds Fees		
	Type	Opening Deposit	Minimum Balance	ATM Card	Check Card	Additional Features		Monthly Fee	
Wells Fargo	Custom Management Package	\$100	None	Yes	Yes	Unlimited	Credit card offered when opening Custom Management Package	None	Overdraft protection established through savings or bank credit card with a \$10 fee per use. Non-sufficient funds fee is \$33.
Whitney National Bank	Check and Save	\$300 for savings	None	No, check card used	Free for first 6 months, then \$1 monthly fee	Unlimited		Free with minimum \$300 balance in savings or \$10 fee	Overdraft protection established through application process. Non-sufficient funds fee is \$3 per transaction.
	Smart Checking	\$50	None	No, check card used	Free for first 6 months, then \$1 monthly fee	Unlimited		Free with direct deposit or \$8 fee	

The information in this chart is based on financial institution websites and calls to customer service representatives from March 2006 to May 2006.

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

Bank	Type	Opening Deposit			Minimum Balance	Monthly Fee	ATM Card	Limitations on Account		Additional Features
		Type	Amount	Limitations				Transactions		
Banco Popular	Regular Savings	\$50		\$250	\$4 if below \$250 balance	Yes	6 transactions per month, or account type will transition to checking	Under \$2,500, 0.50% interest rate; free automatic transfers from checking account		
Bank of America	Custom Savings	\$25		None	\$3 fee without monthly deposit	Yes	1 free withdrawal per month, then \$2 per withdrawal	0.50% interest rate, 0.50% APY		
Chase Bank	Basic Savings	\$25		\$300	\$4 if below \$300 balance	Yes	6 transactions per month, including 4 teller withdrawals	When opened with Free Checking, monthly service fee waived with pre-authorized monthly transfers of \$25 or more, 0.50% interest, 0.5 % APY		
Citibank	Regular Savings	\$0		\$500	\$4.50 if below \$500 balance	Yes	6 transactions per month	0.40% interest, 0.40% APY		
Metro Bank	Savings	\$100		\$100 daily average balance	\$2 if below \$100 balance	Yes	1 free withdrawal per month, then \$2 for each additional withdrawal	0.55% interest rate		
Wachovia Bank	Basic Savings	\$50		\$300	\$5 if below \$300 balance	Yes	6 transactions per month	If balance below \$10,000, 0.75% interest rate, 1.10 % APY		

The information in this chart is based on financial institution websites and calls to customer service representatives from March 2006 to May 2006.

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

Bank	Type	Opening Deposit			ATM Card	Limitations on Account Transactions		Additional Features
		Minimum Balance	Monthly Fee	ATM Card		Transactions	Additional Features	
Washington Mutual	Statement Savings	\$5	\$300	\$3 if below \$300 balance	Yes	Unlimited ATM and teller withdrawals	0.40% interest rate, 0.40% APY	
Wells Fargo	Savings part of Custom Management Package	\$100, or \$25 with \$25 automatic monthly transfers	\$300, \$25 automatic monthly transfer, or \$100 monthly direct deposit	\$3 when none of minimum balance or transfer requirements met	Yes	6 per month	0.85% interest rate, 0.85% APY	
Whitney National Bank	With Check Smart	\$300	\$300	\$3 if below \$300 balance	No, check card used	8 transactions per month; first 3 are free, then \$1.25 for each transaction	0.15% interest rate	

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

<b>Bank</b>	<b>Money Orders</b>	<b>Bill Pay Options</b>	<b>International Wire Transfers</b>	<b>Matrícula</b>	<b>Assistance with ITIN</b>	<b>Bilingual Literature, Service and Internet</b>	<b>Account or Credit History Check</b>
Banco Popular	\$5	Free online bill pay, must register	International wire transfer, \$40	Yes, as primary ID	Assistance with W-7, provide home loans with ITIN	Literature, service, Internet	ChexSystems
Bank of America	\$4	Free online banking, bill pay	Safe Send (free service); remittances may be received as cash or deposited directly into an account at banks - Banco Santander, Bansefi, La Red de la Gente and TELECOMM-TELEGRAFOS	Yes, as primary ID	Yes	Literature, service, Internet	Account history
Chase Bank	\$5	Free online banking, bill pay	Outgoing, always \$12	Yes, as primary ID	No	Literature, service, Internet	Account history
Citibank	\$5 for account-holder, \$10 for non-account holder	Free online bill pay	Program where beneficiary must have account with Banamex; can send money via Internet or ATM. Limit \$3,000 per day for \$5. Another program - beneficiary receives ATM card and can make withdrawals of funds deposited in U.S. account	Yes	Accepted as form of ID, but not clear to what extent assistance is provided	Service, Internet	ChexSystems
Metro Bank	\$3 for account holders only	Free online bill pay	Outgoing, \$30; need bank information for recipient. Western Union-style wire	Yes	Yes	Literature, service, Internet	Account history
Washington Mutual	Not free	Free online bill pay	Free international remittances	Acceptance as primary ID depends on branch; passport may be used	Yes	Service	Account history

The information in this chart is based on financial institution websites and calls to customer service representatives from March 2006 to May 2006.

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

<b>Bank</b>	<b>Money Orders</b>	<b>Bill Pay Options</b>	<b>International Wire Transfers</b>	<b>Matricula</b>	<b>Assistance with ITIN</b>	<b>Bilingual Literature, Service and Internet</b>	<b>Account or Credit History Check</b>
Wells Fargo	\$4, unless established relationship with bank of \$5,000 or more or higher-grade accounts	Free online bill pay with checking account	Intercuenta Express – send up to \$3,000 for \$5; beneficiary must have account	Yes	No	Literature, service and Internet	Account history to open an account, credit history check required for loans
Wachovia Bank	\$4	Free online bill pay	Program “Tarjeta Wachovia Dinero Directo”- open a separate account with at least \$1,000 and send ATM card to beneficiary to use to withdraw money from ATM’s in Mexico, Latin America, the Caribbean, and Spain at no charge.	Accepted as secondary ID	No	Service and Internet; limited literature	Must pass credit check
Whitney National Bank	\$4	Free online banking, bill pay with Smart Checking	National, \$16; international, \$35	Yes	Yes	Service, limited literature	Equifax and ChexSystems

The information in this chart is based on financial institution websites and calls to customer service representatives from March 2006 to May 2006.

Texas Banks



**Texas Banks  
Checking Accounts (p.1 of 3)**

<b>Bank</b>	<b>Type</b>	<b>Opening Deposit</b>	<b>Minimum Balance</b>	<b>ATM Card</b>	<b>Check Card</b>	<b>Limitations on Account Transactions</b>	<b>Additional Features</b>	<b>Monthly Fee</b>	<b>Overdraft and Non-sufficient Funds Fees</b>
First Convenience Bank	Checkless	\$10	\$10	Yes	Yes	Unlimited	\$12.95 fee for check card waived; no need to order checks - solely for debits/withdrawals	\$10 if below \$10	Overdraft protection established by linking savings to checking with a \$2.50 fee per use. Non-sufficient funds fee is \$33.
First Presidio Bank	Best	\$50	None	Yes	No	15 checks or withdrawals per month; then, \$0.34 per check/withdrawal		\$10.97 per month	
First State Bank	Regular	\$100	\$750	No	Yes	Unlimited		\$7.50 per month if below \$100	After 60 days, customers can apply for up to \$700 in overdraft privilege. Non-sufficient funds fee is \$25.
Fort Davis State Bank	Free Checking	\$50	None	Yes	Yes	Unlimited		None	Overdraft protection is optional; the bank covers overdrafts and account holder is charged \$25.
Frost Bank	Free Checking	\$50	None	No	Yes	Unlimited	Discounted ATM transactions at H.E.B. stores	None	Overdraft protection established through an approved line of credit or when linked to savings with a \$5 fee for use. Non-sufficient funds fee is \$25.
IBC	Free Checking	\$50	None	No, check card used	Yes	Unlimited	Introductory offer, first 50 checks free	None	Overdraft courtesy of up to \$900 in approved accounts after 30 days in good standing.
Laredo National Bank	Free	\$100	None	No	Yes	Unlimited	First 50 checks free	None	Overdraft protection established through application process; not automatically offered.

The information in this chart is based on financial institution websites and calls to customer service representatives from March 2006 to May 2006.

**Texas Banks  
Checking Accounts (p.2 of 3)**

Bank	Type	Opening Deposit	Minimum Balance	ATM Card	Check Card	Limitations on Account Transactions		Additional Features	Monthly Fee	Overdraft and Non-sufficient Funds Fees
						Unlimited	Eligible to accrue interest when balance at or over \$500, 0.80 % interest rate; first 50 checks free, free money orders and cashier's checks			
Lone Star National Bank	Silver Checking	\$50	None	No	Yes	Unlimited	Eligible to accrue interest when balance at or over \$500, 0.80 % interest rate; first 50 checks free, free money orders and cashier's checks	None		Overdraft protection of \$300 - \$500 established after first 3 months, with balance averaging \$500 and good standing.
Marfa National Bank	Regular Checking	\$100	Depends on how much customer is willing to pay per month	No	Yes, must apply, \$1 per month	Unlimited	Receive copies of checks	Tiered fees depend on average daily balance \$8 - under \$500 \$7 - under \$600 \$6 - under \$700 No fee with minimum \$1,100 daily average balance		Overdraft protection of \$300 established based on relationship with the bank, \$22 fee for use.
Sterling Bank	Easy Checking	\$100	\$1,000 monthly balance	No	Yes, must apply, \$1 per month	Unlimited	Do not receive copies of checks	\$3 if below \$1,000		Overdraft protection program called Ready Reserve; a \$100 line of credit used when necessary. Insufficient funds fee is \$35.
Surety Bank	Free Checking	\$100	None	Free	Use of Check Card	Unlimited		None		Overdraft protection established with a savings transfer from checking with a \$2 fee per use. Insufficient funds fee is \$25.

The information in this chart is based on financial institution websites and calls to customer service representatives from March 2006 to May 2006.

**Texas Banks  
Checking Accounts (p.3 of 3)**

<b>Bank</b>	<b>Type</b>	<b>Opening Deposit</b>	<b>Minimum Balance</b>	<b>ATM Card</b>	<b>Check card</b>	<b>Limitations on Account Transactions</b>	<b>Additional Features</b>	<b>Monthly Fee</b>	<b>Overdraft and Non-Sufficient Funds Fees</b>
Texas State Bank	Freedom Advantage	\$50	None	No, use of check card	Yes, free Master-card check card	Unlimited	Receive monthly statements with free checks, safe deposit box at 50 % off	\$6	Overdraft protection of \$750 established after 30 days with a fee of \$30 per overdraft; no returned checks.
	Free Checking	\$50	None	No, use of check card	Yes, free Master-card check card	Unlimited	Receive statement only, first 50 checks free	None	
View Point Bank	Free Checking	\$25	None	No	Yes	Unlimited	None	None	Overdraft protection established after 90 days in good standing. \$2 fee to transfer funds from savings to checking to cover overdraft. Check Protect program covers checks up to \$200 for fee of \$35.
West Texas National Bank	\$2 for account-holders	\$20	None	Use of Check Card	Yes	Unlimited, \$400 cash withdrawal limit	First 50 checks free, statement does not include copies of checks	None	Overdraft protection of \$800 established after 30 days with a \$25 fee per transaction.

The information in this chart is based on financial institution websites and calls to customer service representatives from March 2006 to May 2006.

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

Bank	Opening Deposit		Minimum Balance	Monthly Fee	ATM Card	Limitations on Account Transactions		Additional Features
	Type	Amount				ATM Card	Limitations on Account Transactions	
First Convenience Bank	Regular	\$20	\$100	\$2.50 if below \$100	Debit card used	1 free withdrawal per month, then \$2.50 per withdrawal	0.40% interest rate; 0.40% APY	
First Presidio Bank	Regular	\$100	\$0	None	Yes	1 free withdrawal per month, 3 free withdrawals per quarter, then \$2.19 per withdrawal	0.55% interest rate	
First State Bank	Regular	\$100	\$300 daily average per quarter	\$3 per quarter if below \$100	Yes	3 free withdrawals per quarter, then \$1 per withdrawal		
Fort Davis State Bank	Regular	\$500	\$500 average daily balance	\$3 if below \$500	Yes	6 free withdrawals per quarter	0.50% interest rate	
Frost Bank	Basic	\$50	\$500	\$3.50 if below \$500	Yes, but can use check card	3 free withdrawals per month	0.90% interest rate	
IBC	Regular Savings	\$100	\$500 average daily balance	\$3 if below \$500	Yes	2 free in-person withdrawals per month, then \$1 per withdrawal		
Laredo National Bank	LNB Savings	\$100	\$100 daily average balance	\$3 if below \$100	Yes	1 free withdrawal per month	No minimum balance required for first 90 days, 0.75% interest rate	
Lonestar National Bank	Regular Savings	\$50	\$250	\$3.99 quarterly if below \$250	Yes	4 free withdrawals per quarter, then \$1.99 per withdrawal.	\$100 minimum balance for earning interest	
Marfa National Bank	Regular Savings	\$100	\$100	\$3 if below \$100	\$1 per month, \$5 if lost	9 free withdrawals per month, then \$1 per withdrawal	0.60% interest rate	

The information in this chart is based on financial institution websites and calls to customer service representatives from March 2006 to May 2006.

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

Bank	Opening Deposit		Minimum Balance	Monthly Fee	ATM Card	Limitations on Account Transactions		Additional Features
	Type	Amount				Transactions	Interest Rate	
Sterling Bank	Basic Savings	\$200	\$200	\$6 quarterly if below \$200	Yes	3 free withdrawals per quarter, then \$2 for each withdrawal	0.25% APY, 0.25% average daily balance	
Surety Bank	Basic Savings	\$100	\$200	\$3 if below \$200	Yes	6 free withdrawals every 2 months	0.50% APY, 0.50% average daily balance	
Texas State Bank	Regular Savings	\$100	\$500 average daily balance	\$5 if below \$500	Yes	2 free withdrawals per month	0.50% APY, 0.50% average daily balance	
View Point Bank	Regular Savings	\$0	\$0	None	Yes	Unlimited	0.50% interest rate	
West Texas National Bank	Regular Savings	\$50	\$400	\$6 every three months if below \$400	No	6 free every 3 months, 2 every month, then \$3 per withdrawal	0.95% APY, 0.95% average daily balance	

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

Bank	Money Orders		Bill Pay Options		International Wire Transfers		Matricula	Assistance with ITIN		Bilingual Literature, Account or Credit Service and Internet History Check	
	Free for account-holders	Offers 2 Internet options: self pay is free, automatic pay has \$5.75 fee per month	Direct Debit, set up at bank, no Internet bill pay	No	Yes	No		Service	Account history		
First Convenience Bank	\$5.97	Free online banking and bill pay	\$3 through Western Union, no account necessary for receiver	Yes	Yes, in conjunction with another official ID, such as visa or ITIN	Yes	Service, limited Internet	Account history			
First State Bank	\$3	Free online banking and bill pay	Can only transfer into another bank account	Yes	Unfamiliar with matricula	Yes	Service, Internet, and limited literature	Credit history			
Fort Davis State Bank	\$3	No	Bank wires only, cost depends on location	No	Yes	Yes	Service	Account history			
Frost Bank	\$2	Not free with free checking, \$0.50 per bill paid	\$25, beneficiary must have bank account	Yes	Yes, but only in conjunction with ITIN or Social Security number	Yes	Service	ChexSystems			
IBC	\$3 for account holders	Free online banking and bill pay	\$45 fee anywhere	Yes	Yes	Yes	Literature, phone service, and Internet; no Spanish teller service available at Austin location	Account history			
Laredo National Bank	\$4 for up to \$,1000, then \$10	Online banking and bill pay		Yes		Yes	Literature, service, Internet	Account history			

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

<b>Bank</b>	<b>Money Orders</b>	<b>Bill Pay Options</b>	<b>International Wire Transfers</b>	<b>Matricula</b>	<b>Assistance with ITIN</b>	<b>Bilingual Literature, Service and Internet</b>	<b>Account or Credit History Check</b>
Lone Star National Bank	Free with Silver Checking \$1 for up to \$499, then \$2	Free online banking and bill pay	\$88 outgoing to Mexico if sending American dollars; \$25 for Mexican pesos	Yes	Yes	Service, literature	Account history
Marfa National Bank			\$15 outgoing for account-holder; \$20-\$25 for non account-holder; beneficiary must have bank account	Yes	Not for personal use	Service, literature	None
Sterling Bank	\$3	\$5.95 per month for online banking; \$12.95 per month for online bill pay with \$5 set-up fee	\$30 to wire in Mexican pesos	No	No	Service depends on branch, literature	Telecheck
Surety Bank	Cashier's check only, \$5	Free online bill pay, but may change	Outgoing to Mexico \$65; beneficiary must have an account	Yes	Yes	Service and Internet	Account history
Texas State Bank	\$2.50 for account-holder, \$5 for non account-holder	Free online banking and bill pay; free phone banking	Outgoing \$25; beneficiary account status dependent on location	Yes	Yes	None available	ChexSystems
View Point Bank	\$3	\$5.95 online bill pay with Regular Checking	\$15 per transfer	Yes	Yes	Literature and service	Account history
West Texas National Bank	\$2 for account-holder	Need set-up; \$5.95 per month for online bill pay	No	No	No	Service and Internet	Credit and account histories

The information in this chart is based on financial institution websites and calls to customer service representatives from March 2006 to May 2006.

Credit Unions



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

Credit Union	Limitations on Account										Overdraft and Non-Sufficient Funds Fees
	Type	Opening Deposit	Minimum Balance	ATM Card	Check Card	Transactions	Additional Features	Monthly Fee			
Border Federal Credit Union	Free Share Draft	\$0	None	Yes	Yes, \$1 fee per month	\$1,000 per day for ATM transactions; otherwise, unlimited	First check order is free with direct deposit	None			
	Free Checking	\$0	None	No	Yes	Unlimited		None			Overdraft protection established after account has been opened for 3 months. Customer may apply for \$500 overdraft credit; \$30 fee when overdraft protection used.
	Liberty Bell	\$20	None	No	Yes	Unlimited		None			Overdraft protection established by transferring savings to checking for \$25 fee per transaction.
El Paso Bell Federal Credit Union	Silver Bell	\$100	\$1,000	No	Yes	Unlimited	0.30% interest rate	\$8 if balance below \$1,000			
	Gold Bell	\$500	\$2,500	No	Yes	Unlimited	0.70% interest rate	\$10 if balance below \$2,500			
Greater El Paso Credit Union	Free	\$20	None	No	Yes	Unlimited		None			Overdraft protection covered by \$300 line of credit established after credit check; \$27.50 fee per use.
Members Trust of the Southwest Federal Credit Union	Free	\$50	None	No	Yes, free Visa Check Card, but must qualify	Unlimited		None			Overdraft protection involves transfer from savings to checking with \$2 transfer fee per transaction.
Neighborhood Credit Union	Neighborhood Free	\$25, no direct deposit needed	None	No	Yes, Visa	Unlimited transactions; limit on ATM withdrawal, \$500.		None			Overdraft protection can be established through savings Courtesy Pay -after 90 days, may qualify for up to \$750. Fee for check, \$30; fee for debit, \$17.50.

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

Credit Union	Limitations										Overdraft and Non-Sufficient Funds Fees
	Type	Opening Deposit	Minimum Balance	ATM Card	Check Card	Transactions on Account	Additional Features	Monthly Fee			
San Antonio Federal Credit Union	Free Checking or Spurs Checking	Direct deposit, or \$25	None	No	Yes	Unlimited	Spurs Checking is the same as Free Checking, only with Spurs logo on debit card checks, etc.	None			Courtesy Pay limit of \$300; \$25 for each transaction overdrawn.
Security First Credit Union	Free	\$0	None	Yes	Yes	Unlimited		None			Overdraft protection established through line of credit of up to \$500, with a \$25 fee per use.
Velocity Credit Union	Totally Free Checking	\$50	None	No	Yes	Unlimited		None			"Privilege Pay" – must apply to receive \$500 loan from Credit Union.

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

Credit Union	Opening Deposit		Minimum Balance	Monthly Fee	ATM Card	Limitations on Account Transactions		Additional Features
	Type	Amount				Withdrawals	Interest Rate	
Border Federal Credit Union	Regular	\$25 deposit plus \$2 nonrefundable membership fee			Yes			0.50% APY
City Credit Union	Regular Savings	\$0	None	None	Yes	6 free withdrawals per month; \$3 fee applied for each transaction thereafter		0.50% interest rate
El Paso Bell Federal Credit Union	Regular Savings	\$10 deposit plus \$2 nonrefundable membership fee	\$10	No fee, but account closes once balance goes below minimum.	Yes	6 free withdrawals per month		1.15% interest rate
Greater El Paso Credit Union	Regular Savings	\$20	\$20	None	Yes	6 electronic transfers per month, 4 teller transactions per month; \$3 fee per transaction thereafter		On balance over \$100, quarterly interest rate of 1%
Members Trust of the Southwest Federal Credit Union	Regular Savings	\$5	None	None	Debit card used as ATM card	6 free withdrawals per month; \$5 fee for each withdrawal thereafter		1.30% interest rate on daily average balance of \$200 or more
Neighborhood Credit Union	Regular Savings	\$25	None with Neighborhood Free Checking; otherwise, \$500	None	Debit card used as ATM card	3 free withdrawals per month; \$5 fee for each withdrawal thereafter		0.75% quarterly interest rate.
San Antonio Federal Credit Union	Regular Savings	\$5	None	None	Debit card used as ATM card	4 free withdrawals per month; \$2 fee for each withdrawal thereafter		Average daily balance \$100 - \$9,999, 0.50% interest rate.

The information in this chart is based on financial institution websites and calls to customer service representatives from March 2006 to May 2006.

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

<b>Credit Union</b>	<b>Type</b>	<b>Opening Deposit</b>	<b>Minimum Balance</b>	<b>Monthly Fee</b>	<b>ATM Card</b>	<b>Limitations on Account Transactions</b>	<b>Additional Features</b>
Security First Credit Union	Regular	\$55	\$50	None	Yes	6 free transactions per month; \$1 per transaction thereafter	0.28% interest rate
Velocity Credit Union	Regular Savings	\$5	\$5	None	Yes	6 free withdrawals per month	0.5 % APY; there is no charge for going below minimum balance of \$5 but balance must reach \$5 minimum in 30 days

**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		Free when 5 or more bills paid online, otherwise \$6 per month					Limited service	
City Credit Union	\$1	Free online banking, bill pay	IRnet	Yes	\$10 to send up to \$1,000 to Mexico; not necessary for beneficiary to have an account	Yes	Literature and service	Telecheck
El Paso Bell Federal Credit Union	\$0.50	\$6.50 per month for online bill pay	\$30 per transfer, beneficiary must have account	Yes	No	Not able to give information concerning ITIN	Literature, service, and Internet	ChexSystems
Greater El Paso Credit Union	\$0.50	Free online banking, bill pay	IRnet	Yes	Under \$3,000, \$15 per transfer; beneficiary not required to have an account	No, Social Security number required	Literature, service	Credit history and I.D. verification.
Members Trust of the Southwest Federal Credit Union	No money orders; only Tele-check option.	Free online banking, bill pay	IRnet	Yes	Must have bank account or receive at Western Union	Yes	Literature	Telecheck

The information in this chart is based on financial institution websites and calls to customer service representatives from March 2006 to May 2006.

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

<b>Credit Union</b>	<b>Money Orders</b>	<b>Bill Pay Options</b>	<b>International Wire Transfers</b>	<b>Matricula</b>	<b>IRnet/Other</b>	<b>Assistance with ITIN</b>	<b>Bilingual Literature, Service and Internet</b>	<b>Account or Credit History Check</b>
Neighborhood Credit Union	Free online banking, bill pay	Free online banking, bill pay	IRnet/Vigo	Yes	Transfer to any Bancomer location; \$10 to transfer up to \$1,000; \$15 to transfer up to \$2,000; and \$18 to transfer up to \$3,000; beneficiary not required to have an account.	Yes	Literature and service	ChexSystems
San Antonio Federal Credit Union	\$1	Free online banking, bill pay	Transfer or Western Union used; fee and beneficiary account status depends on location	Yes	IRnet, \$10 per transfer up to \$1,000; beneficiary not required to have an account.	No	Service, limited literature	Account history
Security First Credit Union	\$2	Online bill pay, must enroll	\$40 anywhere; always sent to another bank	Yes	No	No	Service	Account history
Velocity Credit Union	\$1.25	Free online banking, bill pay	Wire and Western Union, \$15	Yes	IRnet	Unsure	Literature, Internet, limited service	Account history

The information in this chart is based on financial institution websites and calls to customer service representatives from March 2006 to May 2006.

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## **INTERVIEWS**

**Unity One Federal Credit Union**  
**Fort Worth, Texas**  
**May 22, 2006**

Gary Williams  
President/CEO

Scott Ward  
Executive Vice President

Greg Barnes  
Vice President of Marketing

Natalie Parish  
Director of Public Relations

Joe Martinez  
Northside Branch Manager

**Wells Fargo**  
**Austin, Texas**  
**June 13, 2006; July 6, 2006**

Theresa Alvarez  
Community Development Officer

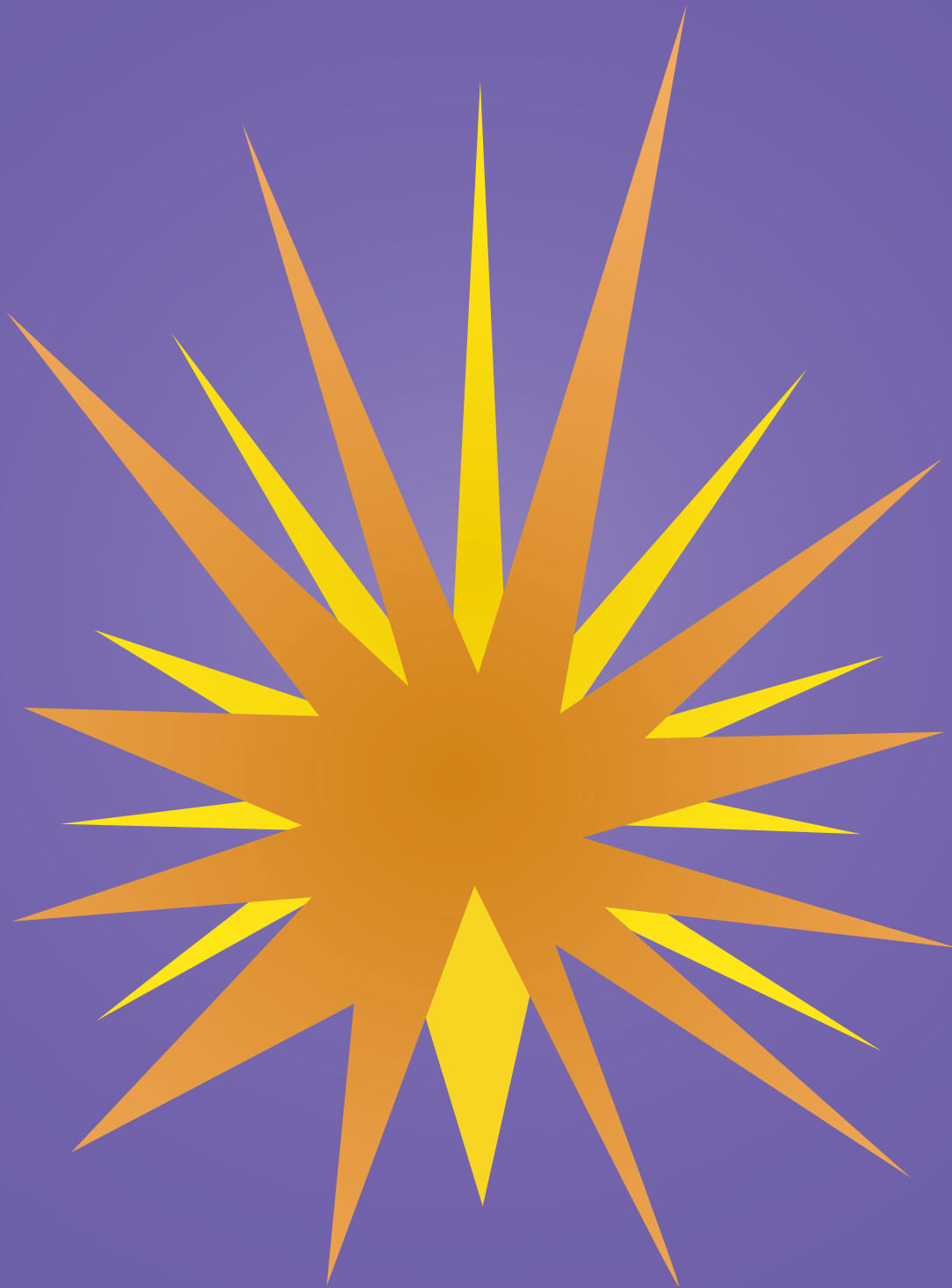
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Director, Diverse Growth Segments Wells Fargo Central Texas

**Woodforest National Bank**  
**Conroe, Texas**  
**May 16, 2006**

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