

Financial Access for Immigrants: Two Articles Exploring the Remittance Market and Its Implications for Moving Immigrants Toward Mainstream Financial Products

By Harry Pestine

A key measure of success for the millions of immigrants who come to the U.S. seeking economic security for themselves and their children is the extent to which they participate in the U.S. financial services market. It is also an important indicator of how successful we, as a society, have been in benefiting from the ambition and hopes that bring many immigrants to the U.S.

From the Chicago Fed's Center for the Study of Financial Access for Immigrants Web page at www.chicagofed.org/community_development/center_for_the_study_of_financial_access_for_immigrants.cfm.

The principal mission of the Chicago Fed's Consumer and Community Affairs division (CCA) is to support the Federal Reserve System's economic growth objectives by promoting community development, fair access to financial services, and research related to consumer and community development issues. Toward this goal, CCA established the Center for the Study of Financial Access for Immigrants (Center).

The Center was established to address barriers to economic security and the use of mainstream financial services through several related activities:

- Foster the active engagement of depository institutions in providing credit and other banking services to their entire communities, including traditionally underserved markets.
- Promote awareness of the benefits and risks of financial products, and responsibilities under community reinvestment and fair lending regulations, through technical assistance and other means.
- Encourage communication and cooperation among community organizations, government agencies, financial institutions, and other community development practitioners.
- Provide forums where bankers, policymakers, researchers, advocates, and other interested parties can share ideas, best practices, and innovative

approaches to overcoming barriers to immigrant financial market participation.

- Document and publish key findings, innovations, trends, practices, and policies that enhance financial market access for immigrants.

Among the methods used to reach our goals are active participation on the New Alliance Task Force; raising awareness of the Federal Reserve System's electronic payment delivery system (known as FedACH) International Mexico Service program – a cost-effective alternative to expensive wire transfers; and encouraging, producing, and disseminating research that adds to our understanding of the key determinants of the financial behavior of immigrants.

The New Alliance Task Force initiative focuses on the development of financial products, financial education for immigrants, and banks' compliance with the Community Reinvestment Act, applicable fair lending laws, the Bank Secrecy Act, and the USA PATRIOT Act.

As part of our ongoing commitment to exploring and sharing information on efforts to serve the financial services needs of immigrants, we present the following two articles. For more information, contact the Chicago Fed's Consumer and Community Affairs division at (312) 322-8232, or at www.chicagofed.org/community.dev.

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