

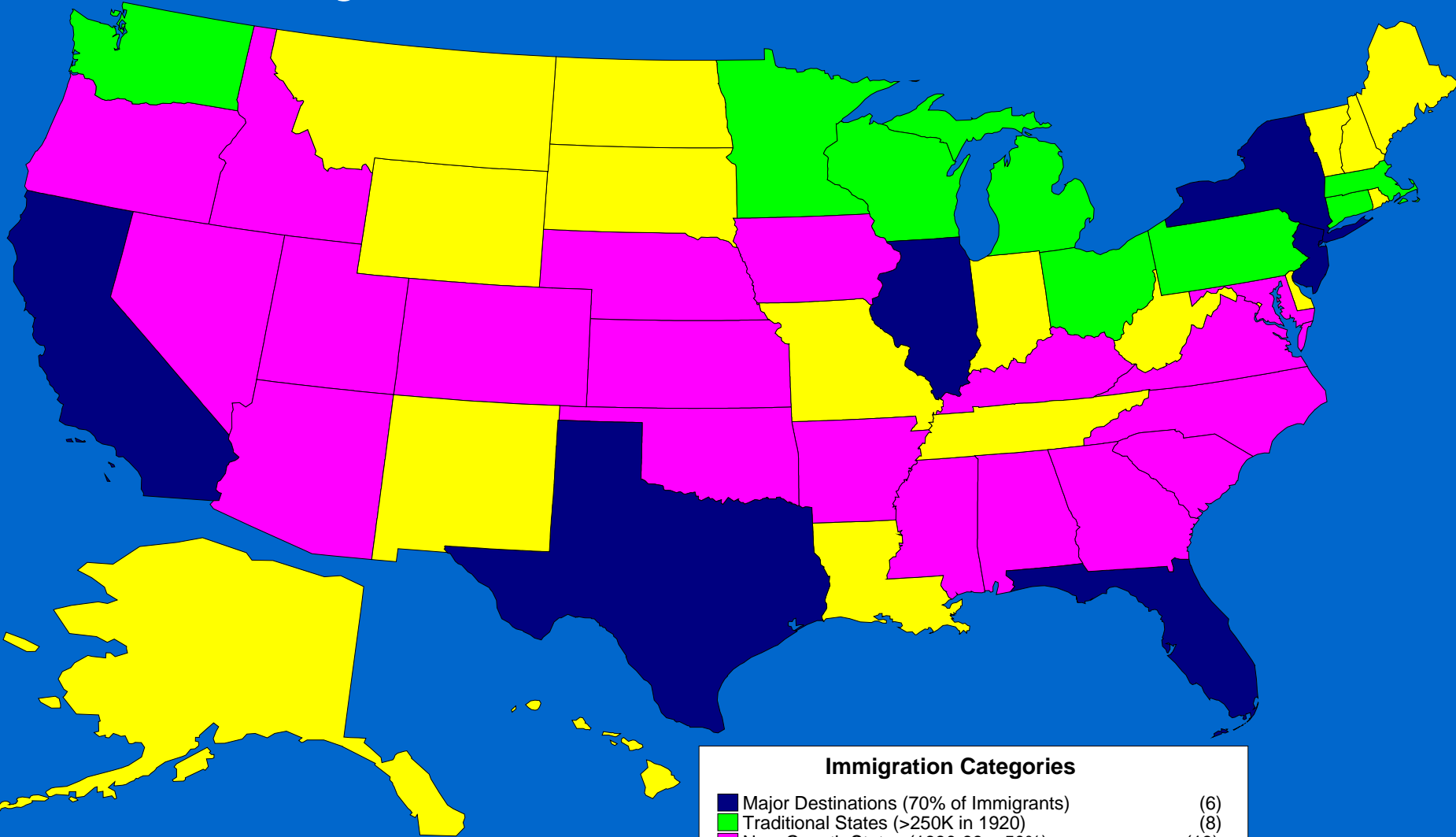
REACHING THE IMMIGRANT MARKET:

CREATING BANKING AND HOMEOWNERSHIP OPPORTUNITIES FOR NEW AMERICANS



James Ballentine
Director, Housing, Community
and Economic Development

New Immigration Growth Centers

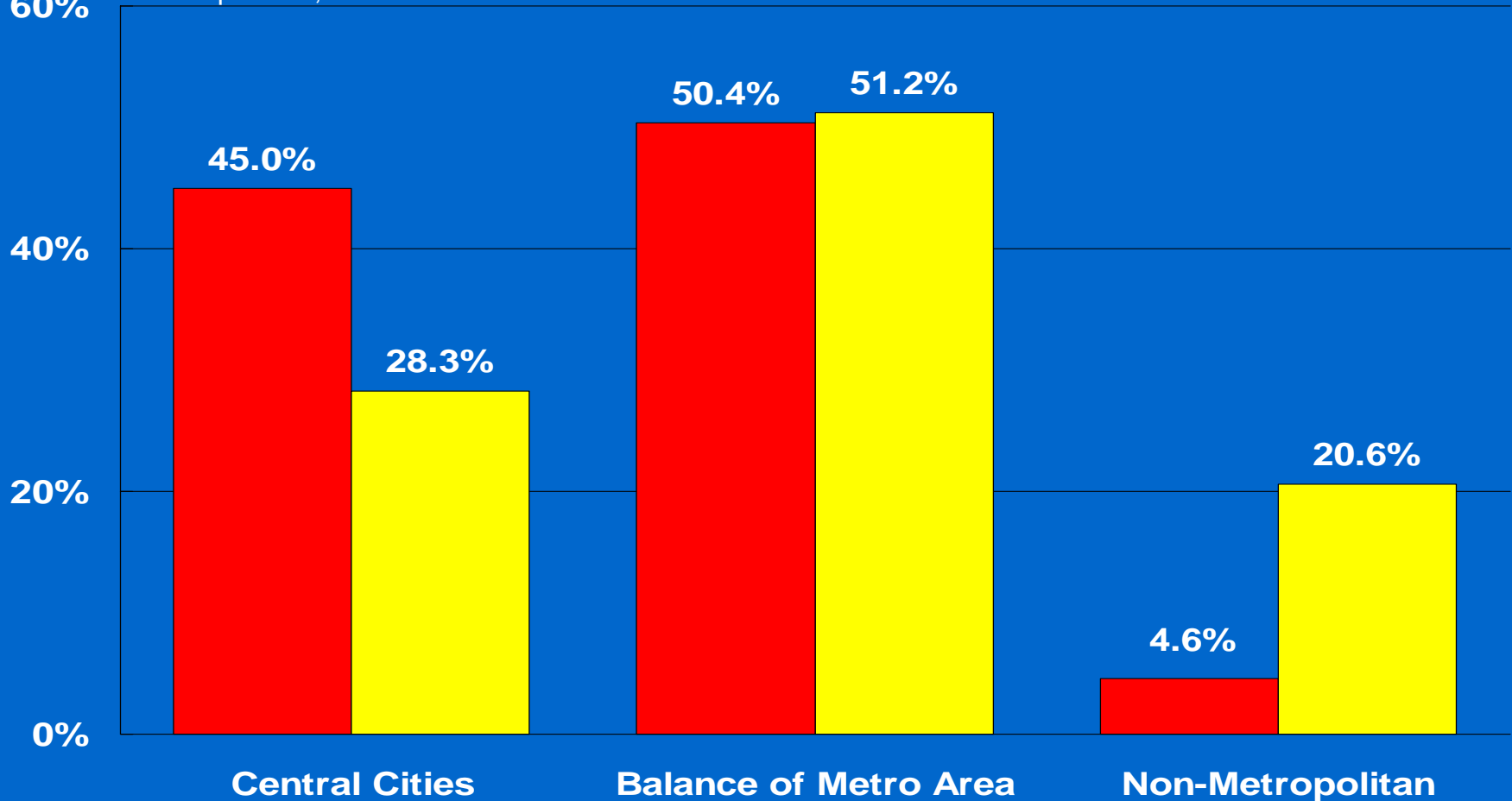


Source: Urban Institute

Immigration Categories		
Major Destinations (70% of Immigrants)		(6)
Traditional States (>250K in 1920)		(8)
New Growth States (1990-99 > 50%)		(19)
Other States		(18)

Immigrants Live in Cities and Suburbs

Percent of Population, March 1999 CPS



Immigrants face major barriers to banking and homeownership

- Cultural assumptions/**lack of familiarity with U.S. credit system**
- **Lack of credit history**
- **Conventional tools** used by financial institutions to **measure creditworthiness**
- **Language limitations**
- **Conventional mortgage products out of reach** for low income
- **Limited supply of affordable housing**

Step One: Understanding the Immigrants

How immigrants come to the U.S.

- Most admitted with “green cards” – **Lawful Permanent Residents** on citizenship track
- **Refugees** – also expected to make permanent home (can apply for green card a year after their arrival)
- **Temporary immigrants** with visa to study or work on a time-limited basis
- **Unauthorized** – enter without permission or stay beyond lawful temporary period. Many join family with legal status.

Understand immigrant values orientation

- Explore “community” versus “individual” orientation
- Appreciate the importance of relationships
 - Takes time
 - Customers will follow trusted banker
- Acknowledge the significance of in-language materials
 - Comprehension
 - Respect

Step Two: Building Institutional Support

Develop management support

- **Present market opportunity**
- **Ensure senior management support**
- Create senior level accountability
- Identify department leads
- Commit to regular reporting and follow-up

Step Three: Establishing Institutional Capacity

Create a multilingual staffing plan

- **Everyone involved in the hiring process needs to**
 - Recognize the importance of multilingual employees
 - Acknowledge that candidates may need training
 - Learn the personal characteristics valued by identified culture
 - Know the employee characteristics valued by the organization

Step Four: Reaching New Americans

Develop an outreach strategy

- **Establish a presence in the community**
- **Use multi-tiered approach which includes**
 - Partnerships
 - Education
 - Advertising
 - Sponsorships
 - Volunteer activities
- **Develop a strategy that is creative and attentive to community needs**

Step Five: Determining Creditworthiness

Evaluate and modify underwriting guidelines

- Standardized screening miss immigrant financial portrait
 - Undocumented income
 - Pooled household income
 - Supplemental income
 - Employment history
 - Credit history
 - Verifying assets

- Assess whether credit guidelines meet the needs of immigrant communities

- Modify guidelines
 - Protect safety and soundness while reflecting immigrant life experience

Step Six: Developing Effective Loan Products

Evaluate and modify loan products and services

- Conduct internal and external research
- Evaluate current loan products
- Evaluate competitors' loan products
- Develop criteria that serve immigrant markets
 - Lower down payments
 - Higher qualifying ratios
 - Latitude regarding immigrant status

Step Seven: Developing an Action Plan

For more information or to order;

**Reaching the Immigrant Market
A Strategic Business Planning Workbook**

Contact: James Ballentine
Director, Housing, Community and Economic Development
American Bankers Association
1120 Connecticut Avenue, N.W.
Washington, D.C. 20036
Phone: 202-663-5359
Email: jballent@aba.com