

**Remarks by Roberto Suro  
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You think it's bad looking at me there, I'm looking at me here, which is worse. Thank you Pia, and thank you very much to the Chicago Fed and Brookings for organizing this conference. We at the Pew Hispanic Center are very happy to participate as a sponsor and to have watched and try to encourage the development of this really extraordinary program that involved many months of work by both institutions. This is really, in some ways, the ideal place to be having this discussion. Certainly, the Fed in particular, this division of the Fed because of its leadership on the topic, but Chicago more broadly because this city was one of the great test cases in laboratories for the process of assimilation for the last wave of immigration.

At the onset, I'm just going to stipulate to the word, "assimilation." Some people don't like it, prefer "incorporation," or "acculturation." They're all kinds of variations, but let's just sort of agree that this is a word that talks about the sort of long, complicated, messy process of change that takes place when a society is transformed by immigration. And it's important to remember that it's a process that affects not just the newcomers but the host as well. And so we're talking about all the societal as well as the demographic changes that take place when there are a large number of immigrants arrive.

I lived in Chicago and worked here as a journalist in the mid-1970's at a time when the city was really at a very interesting cusp. At that point it was still a city very much defined by the immigrants of the European wave. All of its institutions and its neighborhood's culture were still very much a product of that period of change that took place from the middle of nineteenth century through about 1925. There had been a fifty-year hiatus at that point in immigration. It's important to remember that we're now experiencing a wave of immigration that follows an extraordinary fifty-year pause of what has been more or less a continuous history of migration to the United States. Changes in the law in 1924, The Depression, World War II, and a variety of factors caused this fifty-year pause in the movement of people in large numbers to the United States, and it really resumed again in the late 1960's and '70's. And when I was here the trend was still very much as I said shaped by its past but was coming awake to the new realities of immigration of a new population, and I remember, you know, writing stories about the Mexican communities in Pilsen Little Village, which now consume most of the west side when people said, "They're Mexicans in Pilsen?" I'm dating myself but it was true at the time.

I remember vividly at the time the first legislative body, the first actual governmental body that I covered as a journalist was the Chicago City Council which prepared me for doing things like covering the PLO and the Vatican and some Communist societies, but the old Mayor Daley was then still presiding over a City Council in which he controlled forty-eight of the fifty seats. There was one liberal Democrat from the near north side and one poor good government Republican, John Holland from the north side and Holland was a wonderful sort of masochistic man who would always produce these sort of very benign, good-government proposals, you know? I mean just sort of logical, basic things and whenever he introduced a measure Daley would just gavel it to the Rules Committee, which meant that it would die and a week later it would re-emerge as a "machine" proposal. I mean some other Alderman from his side, if it was a good idea, they'd just steal it basically, but it was a matter of fact that nothing that he proposed would ever be taken to the floor for a vote. And one day I remember I was covering the session and Holland went through this sort of ritual and the rest of councilmen, who were sort of almost like frat boys really, were kind of jeering at him for having done this again and he, you know big red-faced, finally lost patience and said to Daley, "Mr. Mayor, you're like the Czar and they're like the Cossacks and they run over us every time we try to do anything good for the city," and Daley just looked at him through a very tight little smile and said, "The Czar was Russian. I'm Irish." That was a very important statement in Chicago in 1975. It wasn't a casual statement, it wasn't a joke. To say from the presiding officer's chair of the Chicago City Council, "I'm Irish," implied a series of beliefs and associations of networks that have profound importance. It was not a casual statement at all and I think there are two lessons to be drawn from that moment that I recall. One is that the process of assimilation is a long process; this was a hundred and fifty years after Irishmen started coming in large numbers to this city, and it was still important at that point for the son of an immigrant to define himself that way.

We are in the middle of this process, maybe closer to the beginning than the middle, but our perspective has to be in media raise. We're seeing something that's all around us. We don't have the perspective of being able to stand back and look at a completed process. We're watching something that's unfolding, and so all of our conclusions, all of our knowledge is basically tentative. And you saw from my fellow presenters already and much of what's coming later that people are, we are all, kind of grasping and groping to try and figure out what's going on. But it's very important to remember that we are, as they said, in the midst of what will be and is inevitably a long process. And the other lesson that I think is worth recalling from that Chicago is that ethnic affirmation is part of the process of assimilation, that the ability to form a community of interest is one of the key factors in civic engagement. That the formation of identity, the formation of bonds among people of common nationalities and of common language groups is in itself one of the ways people become part of new society. It is a natural and inevitable part of a process of when people come somewhere new that one of the ways they adapt to the new country, and one of the ways they become part of new society, is to form an ethnic identity, to form bonds among other people with whom they feel comfortable, whom they can speak directly, with whom they have common bonds.

And so the process of assimilation and the formation of ethnic identity are twin processes; they may be paradoxical but they don't necessarily have to be conflictual, and you have to hold those two ideas in your head at the same time. I believe in understanding how assimilation proceeds and in trying to understand how financial access is part of that process. And what I would say, as you've already seen in the work that's presented here already and Anna's work and in what James was saying, that financial access is very much like the acquisition of language, like learning how to operate in an electoral democracy, like learning how to operate in a Capitalistic market. It is part of the process of assimilation that takes place when the immigrants come to the United States.

One of the key changes that took place between the last era of immigration and the current wave, era of immigration is an enormous transformation in the way individuals relate to the financial industry. Over that fifty years we as a society developed the notion of checking accounts, of savings accounts, of credit cards, of home ownership, of retirement accounts, electronic banking. We as a society legislated a variety of benefits that derive from certain financial behaviors such as home ownership, such as saving for retirement in certain ways. All of those transformations took place at a time when this country was not experiencing high levels of immigration, so the financial system was not engineered with the notion that it was going to be absorbing large numbers of immigrants. We now, in this period of time, are in effect re-engineering the financial systems to accommodate the fact that our population is changing and changing by way of immigration. It's, if you take for example something like remittances, a subject that we've done a lot of work on. And you'll be hearing from Manuel Orozco of Georgetown University with some work that he has done for us on the financial market remittances tomorrow. The notion that thirty-odd billion dollars would be going from the United States to Latin America by way of remittances was not a factor that was considered when the financial system and the regulations and laws that govern it were developed. It is a new fact to the system and one that needs to be incorporated.

I would suggest that over the next couple of days it's important to keep in mind three elements in this process: one is the realities of the immigrant population. We've already talked about some. Second is the financial industry itself and its structures, and third is the regulatory environment. And if we're lucky we'll all start to see how these three are interacting with each other in this process of assimilation in access to financial institutions.

Let me just talk briefly about those three topics. When you look at the realities of immigrant populations you have to look at the both the strengths and weaknesses in this process of financial assimilation. Immigrants are all in a process of change in terms of learning English and learning American ways. One option would be to wait for them to be more assimilated, to wait for people to know English, to be fully assimilated to the United States, before they gain access to financial institutions. Clearly that would be inefficient and wasteful. To go back to the example of the Daley family, you would not only have skipped over his parents from County Waterford, but you would have

skipped-over him, the first Mayor Daley, the sort of tribalized ethnic, and waited for the third generation. Well that's not going to happen, the industry won't wait, the immigrants won't wait. So this process is going to have to happen with people who are still fairly raw in this process of assimilation.

As a result it's important to look at immigrant behaviors that are potentially advantageous to the process of financial access. Looking at remittances, for example, as some banking institutions are, as a gateway to further financial activities, it's important also to consider other kinds of immigrant behavior. Loan aversion in some communities, the work of informal networks for borrowing capital formation, the influences of home country influences, influences as Anna was speaking. They have to be understood as part of this process, as an inevitable part of the process. They're not factors that you can wish away. They're factors that the financial industry is going to have to deal with, as I said, in a process that is a rather long and slow process.

Currently, the financial industry's marketing practices, its cost structures and indeed in many cases entire business plans are substantially geared to customers who are deeply familiar with the financial institutions and the financial practices and the financial culture that developed in this country during that fifty year pause. This is most obvious in consumer banking where American financial institutions are geared to people who can do all of their banking with machines, you know, never dealing with a human being. Everything from managing a stock portfolio to paying their telephone bills can be done entirely digitally off a keyboard, and more and more the industry is trying to cultivate and reward and benefit customers who operate without any human interaction. That's based on a population that is quite different than the immigrant population. It's that kind of re-engineering that we're discussing that has to be part of the process of assimilation, and again the process of assimilation is going to involve immigrants learning how to manage their money digitally. It's also going to require financial institutions to take a step back and say, "Now, we're dealing with a population that showed up after we created all these systems." And you think back, as I do sometimes, to the case of my mother, herself an immigrant, but when I was a child going to what was then a savings and loan, now I really date myself when I talk about savings and loans, you know you make deposits with a little passbook, you know when things were written out, and we would wait for the favorite teller as people often did. And ask any of your parents, if they're still alive, or an older relative, people did have favorite tellers. Banking was done as a matter of a personal relationship. That is an entirely anachronistic thought, you know, to the contemporary financial industry, but if you're opening a bank account for the first time, if you're the first person in your family ever to have opened a bank account, it's very hard to do it with a machine. It requires a kind of personal interaction, and it's that kind of re-engineering and assimilation on the receiving end that I'm talking about.

And finally, the regulatory environment: Chairman Greenspan sometimes likes talking about the two great strengths of the American economy being strict respect for property rights and market sensitive regulation. And those are two good pillars to start out with in terms of understanding how the regulatory environment can facilitate this

process of assimilation, again working on both parties, both the newcomers and the host, in this case being the financial industry. One is simply to encourage the development of property ownership by immigrants, which certainly is one of the goals of the Fed and indeed the Treasury Department in this administration has promoted also. And in market sensitive regulation, it is being sensitive to the kind of changes that are taking part among the two parties of this interaction. It is, I would suggest, worth saying that there is a state interest in expanding the financial access of immigrants, and Mike Moskow and Chairman Greenspan and others have very nearly said that. It's a kind of leadership that is very important to say that just as a society we encourage the acquisition of English, we encourage citizenship, we encourage a variety of behaviors among immigrants, we as a society do encourage access to financial institutions. There is a national societal benefit from this kind of activity. We take pride in ourselves as a nation that is good at managing immigration, and indeed, you know, with a lot of stumbles and steps along the way we are generally pretty good at it. Over the next two days I think we'll see that much is being accomplished, but there are many challenges that remain in this regard. Thank you very much.