



WOCCU

International Linkages: Immigrant Remittances & Financial Adaptation

David Grace
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Presentation Roadmap

- 1. Introduction to WOCCU**
- 2. Financial Access Outside the US**
- 3. Overview of US Credit Union Remittance Activities**
- 4. Overview of Foreign Credit Union Remittance Activities**



World Council of Credit Unions

- International trade association and development organization for the global credit union movement
- Represent 40,000 credit unions in 80 countries serving 118 million members
- Implementing 17 long-term credit union development projects around the worldwide
- Reaching out to immigrant communities in the US - Remittances

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Banking Unbanked in Latin America

Mexico

- 15% of economically active pop. in urban areas have accounts. 25-35% of Mexicans nationwide have accounts (World Bank 2003 and IDB 2000)

Central America

- 10% (Nica.) – 20% in Guatemala have accounts (WOCCU estimates 2003)

South America

- World Bank lacks data – unclear info on Brazil & Colombia



Banking the Unbanked – in US

Remittance Senders in U.S. with Bank Accounts

Country	Bank Account
Guyana	72 %
Ecuador	65%
Dominican Republic	62%
Cuba	58%
Nicaragua	51%
Colombia	47%
El Salvador	36%
Guatemala	31%
Honduras	29%
Mexico	25%

Source: Manuel Orozco. Survey of Latino remittance senders carried out in New York, Los Angeles, and Miami, 2003.



Why are Latino Immigrants Unbanked?

- Don't know the benefits (38%)
- Don't believe they can without a SSN and drivers license (25%)
- The process is too complicated (9%)
- People will trust you if you reach out!

Source: Bendixen 2001



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WOCCU's Work on Remittances

- Alliances with two commercial wire transfer companies to offer the International Remittance Network (IRnet)
- Sending side, 225+ credit unions with 950+ points of service in 35 US states
- Receiving side, credit unions in 6 countries with 540 rural points of service are distributing remittances
 - Guatemala [8/01]
 - Honduras [11/02]
 - Mexico [8/03]
 - El Salvador [9/01]
 - Jamaica [3/03]
 - Nicaragua [10/03]



U.S. Remittance Activities

- 68% of Latino immigrants age 18-24 are unbanked and 73% of this group are sending money home
- Providing savings facilities to documented and *undocumented* immigrants in U.S.
- Disclosing and guaranteeing exchange rates



Why do Credit Unions offer IRnet?

- **Relationship builder**
- **Fee Income - \$6/transfer on avg.**
- **Comparative advantage**
- **Demographics of the credit union's FOM have changed**
- **In-line with philosophy: service to underserved**



Review of CU Experience

- It is not easy, no instant acceptance
- 65% of volume from 8% of Credit Unions
- Successful CUs are urban & rural, large (\$1 billion assets) and small (\$1.2 million assets), more community fields of membership than workplace fields of membership
- Average transfer of \$550 is larger than industry avg. CUs have sent \$8.4 million in last 12 months
- What is working with CUs - **Very accepting environments**



Other Products Used By Senders

- Serving mainly existing members as opposed to non-members
- Saving with the CU
- Used auto loans
- Inquires into mortgages but not there yet for many



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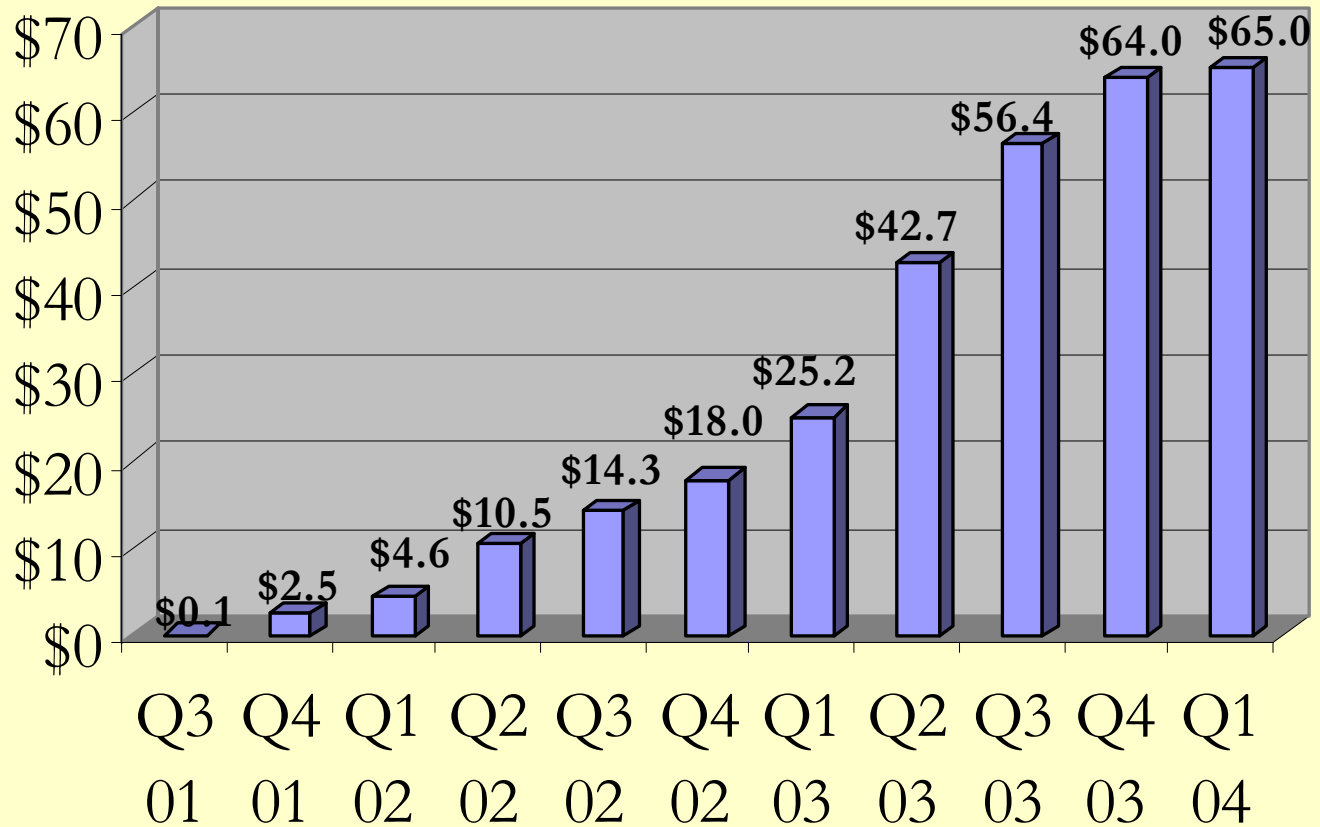


Why Credit Unions Abroad & Remittances?

- **Outreach & presence in rural areas**
- **Attract non-member remittance receivers—
INTEGRATE “unbanked” into formal
financial system**
- **Encourage members to save a portion of
remittance received**
- **Cross-selling of diverse financial services**

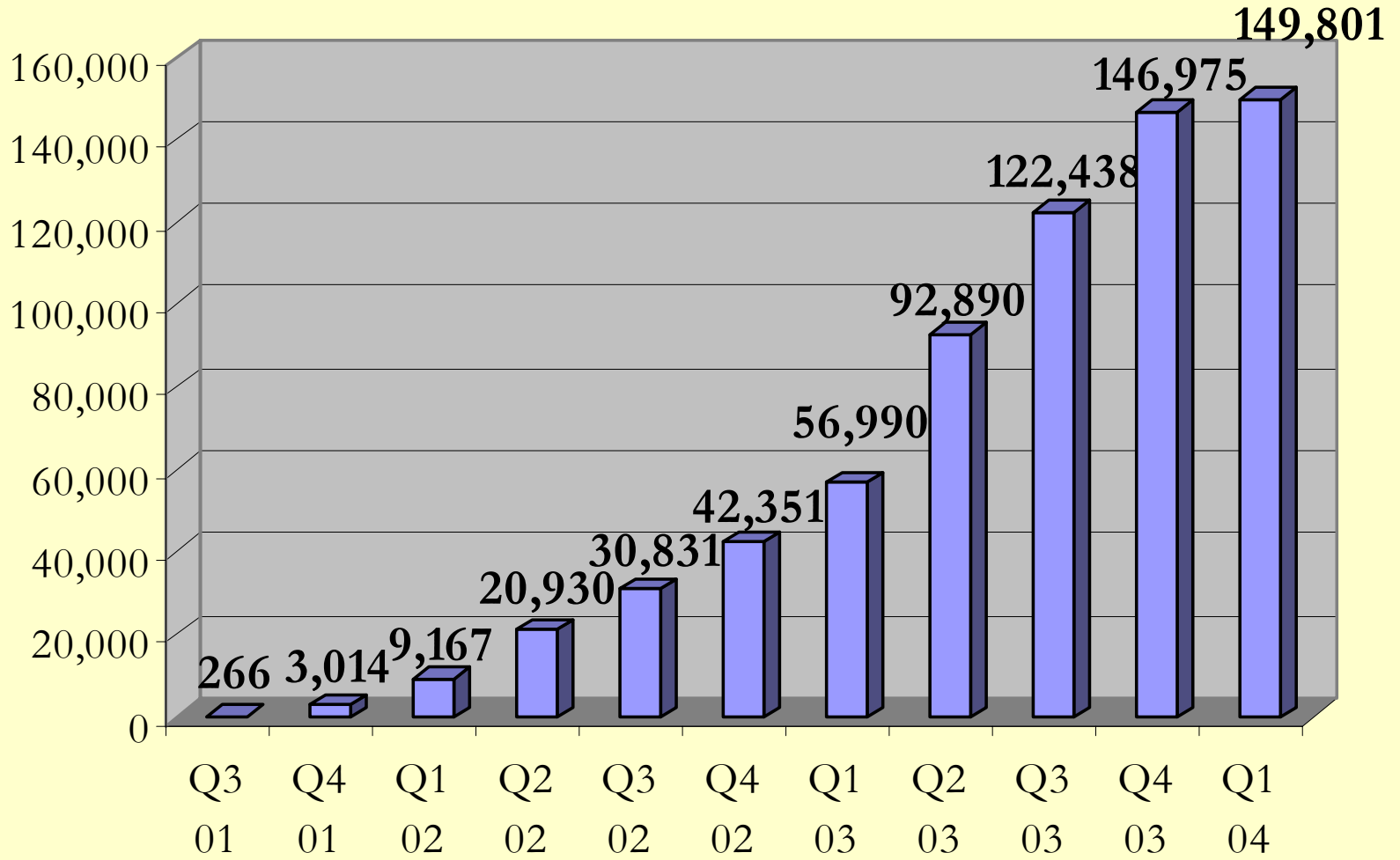


US\$ Value of Remittances Distributed by Credit Unions in Six Countries- in Millions





Number of Remittances Distributed by Credit Unions in Six Countries





Country Example: Guatemala

- 25 credit unions serve 507,885 members through 121 points of service (95% rural)
- Distributed 245,154 remittances in amount of \$114.3 million in 2003
- Currently distributing 30,000+ remittances per month



Country Example: Guatemala

- Credit unions offer direct deposit of remittance to savings accounts for members
- 68% of receivers are non-members
- Credit unions market distribution service and cross-sell services to non-member receivers
- Non-member receivers are currently joining at rate of 1% per month (+-300 people)



Country Example: Mexico

- *Caja Popular Mexicana* serves 699,461 members through 326 points of service (60% rural)
- 1,900 individuals (93% women) received 2,977 remittances during first 4 months
- 82.5% of receivers are members
- 5% of funds received by members were deposited



Country Example: Mexico

- 15% of funds received by members paid-off existing loans
- 56% of the non-members have joined
- Developing remittance-linked savings and credit products



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QUESTIONS?

David Grace
World Council of Credit Unions

dgrace@woccu.org

608-231-8494