



## Alliance for Economic Inclusion Newsletter

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## WORKING PARTNERSHIPS

The AEI is made up of various organizations, agencies and individuals who have a common set of goals or share one or more missions. The diversity of our membership allows the alliance to go into areas that may not be available to us individually. We are also able to leverage our resources with one another to bring about some of the larger events that again, by ourselves, we may not be able to do. As we work together, it is hoped that we will reach our individual goals through this alliance.

We work together to meet our individual goals, but we need to communicate with each other as often as possible to make sure that we continue to move forward. We have an Executive Committee and three working committees that are doing great things, but we are not getting enough information from YOU, our member, on how we can further help you reach your goals. We really need to hear from you. If you have not yet joined a committee, try one out—we have conference calls and outside meetings with committee members going on all the time. Contact Gina Vincent at [Gvincent@FDIC.gov](mailto:Gvincent@FDIC.gov) or (972) 761-2504.

One of the performance measurements the FDIC is currently tracking is the number of accounts and relationships formed as a result of the AEI. As you can imagine, this is a very intriguing and difficult task. We need to hear from you as to how this is going. Do you have constituents or

clients who have now opened accounts in financial institutions due to our shared work in AEI? Are you a financial institution who has seen your first-time account-holders increase since working with the coalition and using some of the information acquired? Let us know.

We are also at that time of the year when we are looking for our 2007 "Pioneer Award" winners. Do you know an AEI member who has stepped up and "taken the reins" in moving our coalition forward? Is there someone out there in a niche category who is doing great things to help the unbanked and under-banked get into the financial mainstream? Does someone offer a product or service that helps to counter high-cost loans? Email your nominations with a short paragraph explaining your choice to me at [Evillafranc@fdic.gov](mailto:Evillafranc@fdic.gov). The final winners will be chosen by former Pioneer Award winners themselves.

Finally, a HUGE THANKS to all of you for assisting Gina Vincent as she stepped into my shoes when I headed to DC for a few months. Gina did an incredible job keeping things going and we are certainly happy to have her on our team.

Let us hear from you.

A handwritten signature in black ink, appearing to read "Roy Lopez".

## Options for Banking the Hispanic Market by Daniel Weiss, MFIC

In 2005, the Brookings Institution published a report stating that, “Remittances have the potential to be an important entry point, both for financial institutions entering the burgeoning Latino market and for Latinos entering the mainstream financial system.” But, said the report, “To move the market further, additional experimentation is needed to translate that first product—a remittance—into a broader financial relationship.”

Hispanics, comprising nearly 50 million people, are now the country’s largest and fastest growing minority group and represent 63% of the 40-50 million person overall



unbanked market. Two-thirds of Hispanics send money to their families in Latin America, in total amounting to \$62 billion in 2006. Most remittance senders are unbanked because banks and immigrants are mired in reciprocal suspicion and misunderstanding. In addition, many immigrants do not trust front-end technologies that are sometimes offered by banks. As a result, 90% of transfers are sent

through traditional agent-based money transmitters that often charge high prices and hidden fees, have problems with compliance and usually cannot help individuals establish a credit history.

Microfinance International Corporation ([www.mfi-corp.com](http://www.mfi-corp.com)) was founded by the former Chief Washington Representative of the Bank of Tokyo-Mitsubishi who was posted with the bank in Latin America and the US. In 2003, he gave up his position as a 27-year veteran of the bank to help people at the bottom of the pyramid. Inspired by the excellence of microfinance in serving people in poor countries, he designed a business platform that expands microfinance in developed and developing countries and makes money transfers more efficient, productive and affordable.

MFIC established one of the first retail microfinance institutions in the US, Alante Financial, with nine company-owned branches in four states. It also operates a proprietary remittance settlement platform, ARIAS, which is licensed to banks and credit unions.

ARIAS consists of Internet-based technology and a 85-country distribution network. The technology was built off a mainstream banking software used by 70 banks. Numerous banks eager to tap the market but concerned about compliance and marketing have begun adopting ARIAS. Much interest has cen-

tered on the system’s comprehensive compliance functions. Another perceived benefit is that users have the option to white-label the product, set their own pricing and control customers.

The platform tries to address entry or scaling challenges for financial institutions in the remittance market, by providing marketing collaboration, cross-sale opportunities and compliance training. ARIAS is in a unique position to pass along market and operational know-how from using the system everyday itself serving unbanked customers within Alante. It represents an alternative to working as an agent of one or multiple conventional money transmitters which may require exclusivity and have numerous agents competing against one another in small geographic areas.

Providing a low-cost remittance service supports the objectives of the FDIC’s Alliance for Economic Inclusion and may also qualify a bank for CRA credit, according to a 2004 Interagency letter.

For more information, please visit [www.ariasfs.com](http://www.ariasfs.com) or contact Heather Bach at [hbach@mfi-corp.com](mailto:hbach@mfi-corp.com).