Responding to the Executive Order: Unique Opportunity to Link Immigrants to the Financial Mainstream *through* CUs
Mission

To help low- and moderate-income people and communities achieve financial independence through credit unions.
What We Do

**Foster Innovation**
- Develop new products and services to reach low and very low-income people
- Foster strategic partnerships to expand service delivery
- Identify, document and promote best practices

**Raise and channel investment**
- Invest more than $30 million in Member CDCUs
- Strengthen CDCUs’ financial position to expand impact

**Capacity Building**
- Technical assistance, webinars, practical tools, guides,
- Consulting services support CDCUs at all stages of development
Our work in this space

- Since 1999, organized biannual Latino CU Conferences to educate industry about market
- Nurtured and supported the organizing of the Network of Latino Credit Unions and Professionals (NLCUP)
- Supported efforts to bring alternative remittance services to the marketplace. Worked with World Council of CUs, FRB and BANXICO, promoting Directo a Mexico
- In collaboration with FRB and BANXICO, facilitated cross-border CU partnerships (“migrant corridors”)
Our work in this space

- Worked with Federal and State regulators to recognize the Matricula Consular as an “acceptable ID” to comply with Patriot Act, Bank Secrecy Act and other rules and regulations.

- Working with local governments to gain recognition of Municipal IDs.
Two key components:

• Legal reprieve to the undocumented parents of U.S. citizens and permanent residents who've resided in the country for at least five years.

• Expand the 2012 Deferred Action for Childhood Arrivals (DACA) program that allowed young immigrants, under 30 years old, who arrived as children to apply for a deportation deferral and who are now here legally. Immigrants older than 30 now qualify, as do more recent arrivals.
Who will benefit?

• About **4 million** undocumented immigrants would be directly affected by the action.
  – 3.71 million undocumented immigrants who have children who are U.S. citizens or legal permanent residents.
  – An additional **290,000** would join the 1.2 million young immigrants still eligible for deferred deportation under the administration's 2012 program.
11.3 million: number of undocumented immigrants.
- Living in the United States for nearly 10 years on average
- More than half are from Mexico
- Are relatively young: between 16 and 44.

8.5 million: number of Permanent Lawful Residents (PLR) that qualify for Citizenship but have not yet processed paperwork.

Most Hispanic households are mixed status
Subprime/financially underserved market generated $103 billion in fee and interest revenue in 2013!

- Check cashing
- Payday loans
- Subprime auto loans
- Buy here pay here auto loans
- Money Transfer Businesses (Remittances)
- Title loans
- Pawnshops
- Walmart
Good Fit for Credit Unions

- Serving people of small means:
- People helping people core CU principle
- Embedded in CU DNA: St. Mary’s Bank CU
- CUUs traditionally cater to niche markets
- Immigrant market: intersection of business opportunity with CU mission
- Vastly underserved market with unmet needs
The Need

- Document status is a significant factor in financial inclusion in three newly arrived NYC immigrant communities: Chinese respondents 85% had documented status vs. 38% Ecuadoran and 18% Mexican.
- Similar savings levels across all three communities (regardless of income). Over three-quarters of respondents reported accumulating savings at all income levels.
- Latino respondent less likely to have relationships with financial institutions Mexican (43%) and Ecuadoran (65%) communities compared with Chinese (95%) community despite longer tenure in the US and controlled for income.

Financial Inclusion for Immigrants

The Opportunity

- Citizenship and DACA application fee and renewal fee present a barrier for some individuals and families
- Opportunity to connect immigrants and their families to other mainstream financial services and become banked
- Pivotal moment to promote financial inclusion with safe, responsible products and services
- Credit unions automatically link loans with saving products.
Getting CUs ready to Respond

Industry response:

Network of Latino Credit Unions and Professionals
- Building on their experiences serving immigrant communities
- Coopera
  - Capitalizing on their tools and expertise
- CUNA
  - Leveraging infrastructure and reach: webinars and conferences
- State Leagues and Individual CUs
Eliminating Barriers

- Customer ID Programs that accept:
  - Foreign passports
  - Consular IDs (e.g. matrícula consular)
  - Municipal IDs

- Bilingual\Multi-lingual services

- Relevant and affordable Financing for Immigrant Individuals and Families:
  - Used car loans
  - ITIN Lending
  - Citizenship Lending
  - And now….DACA Loans
Scaling Up: Experiences from the Field
Immigration Financing

• 28 CDCUs across the country have developed micro-loan programs to finance application fees for Citizenship and DACA

• General Product Terms:
  – Small dollar loans <$1000
  – 6-12 month terms
  – Flexibility on underwriting criteria and rapid turnaround
    • No or limited credit check
    • Flexible income verification and documentation (DACA)
    • Checks often made out to USCIS and other relevant agencies
Examples of CDCUs engaged in Citizenship/DACA financing:

- Latino Community CU (NC) leads with 1,600 DACA loans
- Self Help FCU (CA) 500+ loans
- Southwest 66 FCU
- Northside Community FCU (IL): 350 citizenship loans
- District Government Employees’ FCU (DC): 200 citizenship/DACA loans
- New Economy Project with Brooklyn Cooperative and Lower East Side People’s: 100 DACA loans
- NWAF\GCIR pilot with Lower Valley CU and Ascentra newly launched (4th Qtr 2014)
Lessons Learned:

• Products must be **affordable**. Pricing should be consistent with the rest of your product line up

• Products must be **transparent**: Critical to gain the trust of target market (immigrant population, historically abused by fringe financial services providers) and those who serve them (CBOs)

• Products and processes must be **simple**, easy to understand and use

• Products must be **accessible** and **convenient**: on-line banking; mobile banking; micro branches; community partners
Lessons Learned:

- Products should provide a pathway to financial inclusion (i.e. credit builder loan)

- Attitudes matter: People want to be treated with respect and dignity.

- Tight integration between immigrant\legal services organizations and lenders essential.

- Online platforms are ideal – may not yet be integrated into CU systems.
No Magic Bullet!

- DACA loan just an entry point
- Access to affordable credit helps members move along the credit continuum to reach critical financial goals.
End Goal

Make all credit union services available and accessible to immigrants

Financial Inclusion = Economic Opportunity = Strong Communities
Next Steps

• National Partnerships will be critical to developing volume of referrals.
• Raising awareness within CU industry to mobilize network of responsible lenders and responsive financial institutions
• Raising resources to scale up response: pool of funding for loan losses; outreach and education; capacity building
• Institute of Mexicans Abroad (IME). Entity within Mexican Ministry of Foreign Affairs that coordinates all the Financial Inclusion work done through their extensive network of Consular Offices

• Cities 4 Citizenship: Growing network of municipalities that seeks to expand financial inclusion and help immigrants establish stronger financial identities. Participant Cities:
  o Atlanta, Baltimore, Boston, Chattanooga,
  o Chicago, Denver, Los Angeles,
  o Milwaukee, Nashville, New York,
  o Philadelphia, Pittsburgh and Seattle
Forming National Partnerships

• National Council of La Raza: the largest national Hispanic civil rights and advocacy organization. Through its network of nearly 300 affiliated community-based organizations, NCLR reaches millions of Hispanics each year in 41 states, Puerto Rico, and the District of Columbia.

• Catholic Charities: Network of affiliates serves over 9 million low income and predominantly financially underserved folks. Many are immigrants!
  - Catholic Legal Immigration Network Inc (CLINIC)
  - US Conference of Catholic Bishops
Raising Awareness

• **Over the next six months, Federation will focus on:**
  - Building network of CUs committed to expanding access to immigrants
  - Developing framework for implementation of specific products and services for the immigrant market
  - Fostering partnerships with CBOs, legal aid providers and funders to coordinate efforts and leverage competencies

• **Webinars with industry partners:**
  - Jan 13
  - Feb 11

• **Hosting roundtables to connect non-profits with CUs**
  - Jan 16: Los Angeles
  - Feb 12: NYC
  - March 19: Dallas
  - April 1: Tampa
Raising Resources

• Grant support:
  – Technical assistance to CUs
  – Increase CUs operational capacity to serve immigrants
  – Program oversight and impact measurement
  – Loan loss reserves

• PRIs:
  – Secondary capital to support CUs asset and loan growth through immigrant outreach
Coopera Resources

- Hispanic Opportunity Navigator Assessment
- Hispanic Membership Analysis
- Hispanic Target Market Analysis
- Consulting & Resource Library
  - Account Opening Best Practices
  - Lending Best Practices
  - Community Partner Toolkit
- Education & Training
  - Accepting Alternative Forms of ID
  - Developing a Credit-Builder Loan
  - Financial Education Best Practices

Contact Coopera at info@cooperaconsulting.com
Federation Resources

- Advocacy and regulatory support around ID requirements
- A team of national recognized consultants with practical experience serving the Hispanic market and immigrant populations
- Best practices and research data
- National and local partnerships
- Extensive network of field practitioners
- Product development and implementation assistance:
  - ITIN lending
  - Citizenship and DACA lending
  - Financial inclusion

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