

Don't Wait for Immigration Reform

Business 2014-09-16 10:10:01

Washington, DC - According to the report, which was produced by the Center for Financial Services Innovation (a finance specific think tank) in conjunction with the National Council of La Raza (one of the nation's largest Hispanic advocacy groups), there are currently over 11 million undocumented immigrants living in the United States, many of whom are working for marginal wages. In 2007 the average household income for an undocumented immigrant was \$36,000 annually, \$10,000 less than the combined average of all immigrants to the US and fourteen thousand dollars shy of the national average. A large portion of these undocumented workers do not utilize banks, relying instead on nontraditional financial services such as check cashing operations. The reasons for this are multifaceted, but tend to revolve around security and convenience. Many undocumented workers are unfamiliar with what identification documents banks require or decide to not risk potentially exposing themselves through normal financial channels. Others are drawn to the convenience of nontraditional sources as many operate in local neighborhoods and are much more user friendly when sending money overseas.

CFSI does detail ways in which serving the immigrant community will require banks to tailor their services. Many will have to begin accepting forms of identification other than the standard social security number, a practice legal under the Patriot Act but that banks have been reluctant to implement. Different methods for credit evaluation will need to be utilized for those with little or no official financial history as well.

However, the report argues that the payoff of serving this untapped market could be substantial. The Congressional Budget Office estimated that under the immigration legislation passed by the Senate in June of 2013, roughly eight million people would become legal residents. Such reform would provide financial institutions "a once-in-a-generation opportunity to provide a group of newly recognized legal immigrants with affordable, accessible, and high-quality financial services." Those that start catering to these individuals now will not only be well positioned to do so when immigration reform, in some form, is eventually adopted, but will also be better able to reach the approximately 68 million people who do not use traditional financing.

A full copy of [Investing in the American Dream](http://cfsinnovation.s3.amazonaws.com/RESEARCH_CFSI_InvestingintheAmericanDream_9.4.14.pdf) can be accessed below:

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A special report to CapitalWirePR in collaboration with WPI America and Brian Webster.