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**BANKS COURT LATINO MARKET;
FINANCIAL INSTITUTIONS GET COMPETITIVE, OFFERING LOWER FEES FOR
MONEY TRANSFERS.**

BY MARTA HUMMEL Staff Writer

Julian Ramirez used to send about \$150 to relatives in Mexico each week through Western Union. But about three years ago, the 34-year-old started using money-transfer services at the Greensboro branch of Latino Community Credit Union, whose services are "much more economical."

Latinos who wire money abroad used to have to pay high fees to Western Union and other money-transfer companies.

Now everyone has the option to walk into a credit union or a bank and transfer money to Latin America for about \$10.

It's not altruism that is bringing prices down; it's competition.

At stake are potentially millions in fees for the massive "remittance" market. In 2004, Latinos in North Carolina sent an estimated \$833 million to Latin America, according to a study by the Inter-American Development Bank, and the number is expected to grow.

More importantly for the banks, it's a chance to win potential mortgage and car loan customers as the largely mobile and young Latino population in the region settles down.

"If you look at the home market over the next 10 to 15 years, the majority of home buyers are going to be minority and immigrant," said Michael Stegman, the director of the Center for Community Capitalism at UNC-Chapel Hill and the assistant secretary for policy development and research at the U.S. Department of Housing and Urban Development from 1993 to 1997. "The Latino community offers an enormous potential market for mortgages."

But it's not clear that the banks will make money by adding Latino customers - at least in the short term - or win the Latino immigrant market easily. **An estimated 50 percent of Latinos do not use banking services, according to the IADB report.**

"To be honest, I don't know that we've seen a lot of profit from this community," said Teresa Mackey, the Hispanic segment manager at BB&T in Winston-Salem. "Everything has been geared toward education and bringing the Latino community into the bank."

But judging by the rush to add money-transfer services, once the sole play ground of companies such as Money Gram, banks are signaling that winning Latino business is important to their future bottom line.

A sample of services:

*In the past year, BB&T, which operates from Washington to Atlanta, added a product that allows customers to add money to an account that relatives can access via an ATM. The bank charges \$5 to open the account and \$10 each time you add money to it on top

of an exchange fee.

*Wachovia plans to roll out a similar product in June throughout North Carolina, said Jorge Moller, a vice president who leads the bank's Hispanic market strategy. It will cost \$10 per month plus an exchange fee to add any amount up to \$1,000 .

*Bank of America rolled out its version of the card about two years ago. Bank of America's card costs \$8 without exchange fees, down from \$10 plus fees, to add money. By the end of this year the bank plans to eliminate the fee, spokeswoman Diane Wagner said .

Representatives from Bank of America and Wachovia declined to estimate the market for Latino customers. But they said the population growth points to the market potential.

In the Piedmont, the Hispanic population rose 809 percent from 1990 to 2000, making it one of the fastest growing Latino populations in the United States, according to an analysis of U.S. Census Bureau statistics. North Carolina's Latino population is growing faster than any other state.

According to a 2004 report by the University of Georgia, Hispanic buying power in the state will rise to more than \$17 billion in 2009 from less than \$9 billion in 2004.

And the banks all say they are adding Latino customers. The numbers will never be exact, though. At Wachovia, the bank does not track customers' ethnic backgrounds, only their surnames, Moller said. The same is true for other banks, spokesmen said.

Adding services does not guarantee that banks will win Latino customers, however. Research by U.S. Rep. Luis Gutierrez, a Democrat from Chicago, shows that the top four transmitters - Western Union Financial Services, Money Gram, Vigo Corp. and DolEx - increased their global market share from 12 percent in 2000 to 18 percent in 2004, despite generally higher prices.

According to their Web sites, MoneyGram charges \$25 to send money to Mexico from North Carolina and Western Union charges about \$15 .

And other money transfer services and credit unions could take customers from the banks.

A new service offered by Charlotte-based Telecomm USA will roll out in 11 Huff's convenience stores in the Triad this week, according to Nancy Cooper, the marketing director for Huffman Oil.

Telecomm will charge about \$8 per transfer and does not require customers to send an ATM card to relatives abroad to pick up the money.

Durham-based LCCU, whose membership has grown to 30,000 since it started in 2001, is one example of a credit union.

It offers a range of checking, loan and other services at its Greensboro branch and four other state locations, including money transfer options through Vigo for about \$6 to \$8, said Luis Pastor, the chief executive officer .

A key difference between its service and that of the banks is that recipients do not have to retrieve money via ATMs, which are often not available in small towns in Mexico and other parts of Latin America. And all its tellers are bilingual, a boon for the largely new

immigrant population, many of whose members do not speak English.

Convenience and price make a difference.

Ana Maria Jones, who moved to Greensboro from Peru about a year ago, used to send money to Peru via a wire transfer service at Bank of America. But she joined LCCU because she pays about \$4.50 to send money, or a quarter of the price of the other service.

She said using Bank of America's ATM-based service would not be convenient for her elderly parents.

Despite the hitches in the bank products, it's better late than never for them to enter the market, Pastor said.

"We can provide services for the community," he said. "But banks can change the market. That would be a real benefit for the community."

Not everyone sees it as a boon for the larger community, however. Groups that want to limit immigration, including the Federation for American Immigration Reform, say immigrants cost the nation more than they contribute to it. They also say banking laws that allow potentially illegal immigrants to settle in the United States make it easier for terrorists to come here.

Banks and other services say they are complying with the law.

Under the USA Patriot Act, passed after the terrorist attacks on Sept. 11, 2001, financial institutions can accept alternative forms of identification, such as the Matricula Consular, which Mexico issues to its citizens through its consulates regardless of legal status, and Individual Taxpayer Identification Numbers. ITINs, granted by the Internal Revenue Service, allow people who do not qualify for a Social Security number to pay taxes.

A marketing consultant who advises businesses about the Latino community said tightening controls on banking and education for Latinos of all immigration stripes will hurt the nation's economy.

"If you doom the Latino community to becoming an underclass, it's cutting off your nose to spite your face," said Maria Sanchez-Boudy. "It's not in anybody's self-interest."

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