

***“Banking the Unbanked” in the United States:
Latino Segment Marketing Case Study***

June 28, 2005



Hispanic Population is a Key Growth Segment for Wells Fargo

Key Latino Segment Demographics:

- In 2002, possessed \$580.5 billion in buying power
- Fastest growing purchasing power for any group
- 29% increase in population projected from 2002-2007 (vs. 6% growth in total population)
- 20% of all current births in the US are Latinos
- Young population: 36% of all Latinos are under age 18
- Largest Consumer Remittance Segment

Source: US Census Bureau, 2000; Selig Center for Economic Growth, 2002



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Consumer Remittance Opportunity:

- US International remittance market is estimated at \$50 billion.
- Global remittance market is estimated at \$110 billion.

Concentration:

- Mexico remittances market is \$16 Billion
- Indian remittances market is \$11 Billion
- Latin America & Caribbean remittance market is \$32 Billion (2002)
- 69% of all Latinos living in the US send remittances (Bendixen 2002)
- 75% of all Latino remittances come from the United States (Orozco 2003)
- 44% of all Latinos lack bank accounts in the US (SRC 2002)

Non-Banks Dominate the Market:

- 45% of remittances are processed by informal networks
- US banks share of remittance business is estimated at less than 3% (Orozco 2004)
- More than 50% of total volume is distributed by financial institutions abroad (Orozco 2003)



Hispanic Population is a Key Growth Segment for Wells Fargo

Wells Fargo's geographic footprint is a key driver for Hispanic household acquisition:

- Mexico: US based Mexican population is a critical element of Wells Fargo's growth
- 90% of all Mexicans living in the United States reside in the Wells Fargo geography:
 - ◆ Total Mexican the US: 20,652,257
 - ◆ Total population in WF territory: 18,439,447
- Other key Hispanic segments are immigrants from Central America



Hispanic Population is a Key Growth Segment for Wells Fargo (Cont.)

Wells Fargo is the only major Financial Institution to offer a specific product to El Salvador and Guatemala remittance corridors:

- Over half of all of the remittances to Central America are sent to El Salvador and Guatemala
- Based on 2000 Census Data, Wells Fargo has the store distribution to provide financial services to over 60% of the total population from El Salvador and Guatemala in the United States.
- Customers can safely transfer up to \$3,000 per day--for only \$8 transfer fee--directly from Wells Fargo to the alliance member banks in El Salvador and Guatemala.



Hispanic Population is a Key Growth Segment for Wells Fargo

Wells Fargo's existing footprint and associated market dynamics match the key ethnic growth segments concentration...

- ◆ Growth in the ethnic markets is now driving an important portion of the bank's traditional product/market share in key strategic growth markets.
- ◆ California has the largest Mexican and Hispanic segment population in the United States today.
- ◆ California, Texas, Nevada, New Mexico, and Arizona rank among the top states with a significant Mexican segment populations.



Hispanic Population is a Key Growth Segment for Wells Fargo

Attitudes Towards Banking and Finance

- High savings rate
- Usually prefer to deal in cash
- Large un-banked population
- Regularly send money back home
- Rely heavily on referrals from friends/family
- Loyal customers
- Prefer banking in their native language with somebody from their community
- Focused on building wealth for families (not personal retirement)



**WELLS
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*Wells Fargo
Consumer Remittance
Product Overview*



Wells Fargo's Focus on Consumer Remittances

Wells Fargo has been focused on the International Consumer Remittance Market since 1995:

Wells Fargo has historically achieved the desirable first mover product advantage in Intl. consumer remittances



- The first bank to develop a customized product to enter the consumer remittances market in 1995.
- Launched InterCuenta Express for Mexico Consumer Remittances in 1995.
- First developed the ATM transfer concept in 1995 (Philippine Remittances).
- Launched remittance product to India
- Expanded the remittances product suite by piloting our newest product: Dinero al Instante in Arizona, Texas, and California for the cash based segment.
- Expanded remittance product suite to key Central American countries



Wells Fargo's Current Consumer Remittances Products



Abriendo Caminos®

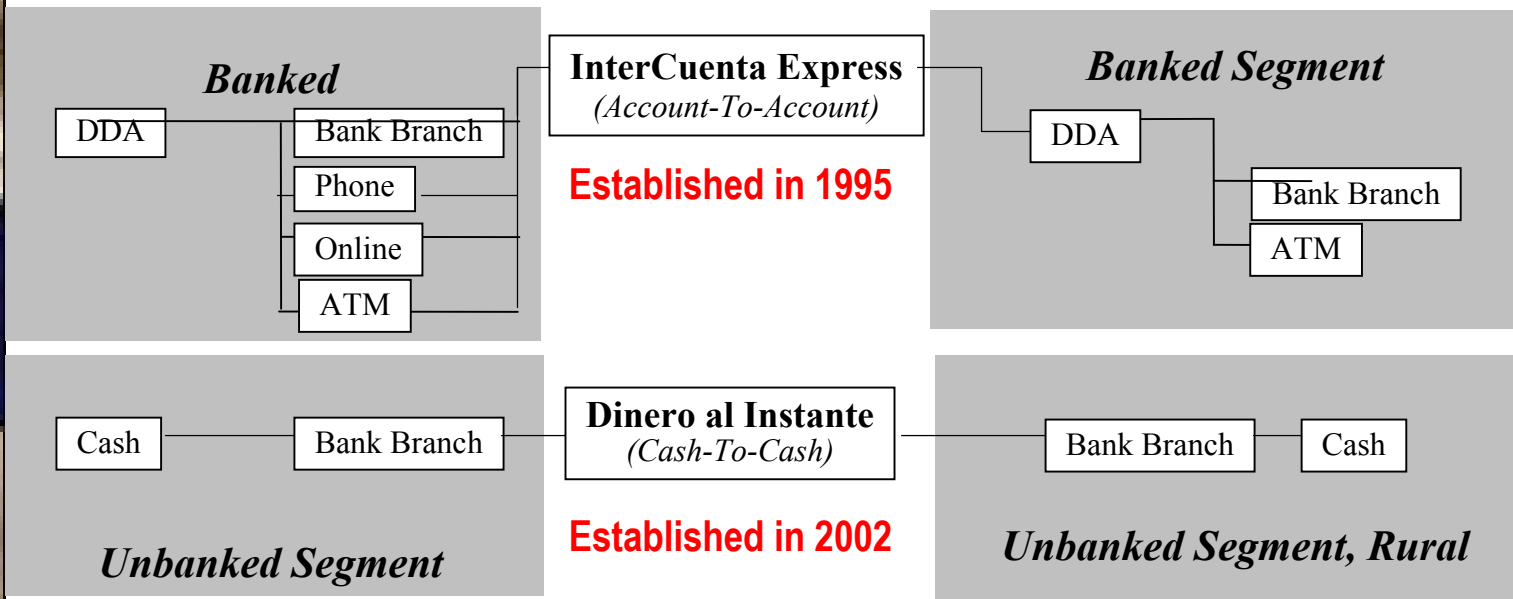
Sender

Wells Fargo Solutions

Receiver

Funding Venues

Receipt Venues



InterCuenta Express Product

Account Features and Benefits

- Mexican Matrícula Consular Card accepted as valid Identification for account opening process
- No minimum balance requirements
- No monthly account maintenance fees
- No initial deposit required
- Transfers can be initiated at the bank branch, ATM, over the phone or online
- Only \$8.00 fee for up \$3,000 per transfer/per day. Gold Pack account holders receive a \$2 discount lowering the fee to only \$6.00



InterCuenta Express Product

Account Features and Benefits

- **Security:** Secure transfer from the Wells Fargo account to the beneficiary's bank account abroad. There are no intermediaries.
- **Convenience:** Account access is available 24 hours a day, over the telephone, online or at thousands of Wells Fargo Bank locations and ATMs
- **Distribution:** Mexico: Largest Direct Distribution of any US Bank:
 - ◆ **BBVA Bancomer** features the largest branch network distribution Mexico with over 1,600 branch locations and 3,700 ATMs throughout the country.
 - ◆ **HSBC Mexico** features a distribution network with over 1,400 branch locations and 4,500 ATMs.
 - ◆ **Banorte** features a distribution network of over 1,000 branch locations and 2,500 ATMs.



Distribution (Cont.)

- El Salvador: We will reach one and a half million Salvadorians through our bank partner, Banco Agrícola. They have the largest network in El Salvador with its 60 branches. A third of all money transfers into El Salvador come through Banco Agrícola
- **Guatemala:**
 - ◆ **Banrural** -- Banco De Desarrollo Rural S.A. is the fastest growing bank in Guatemala and the largest network of branch offices and the most complete geographic coverage, with 315 branches and access to more than 800 ATMs.
 - ◆ **"Banco Industrial, S.A.,** with assets of US\$ 2.7 billion, is Guatemala's largest bank. It has 1,167 customer service points (285 branches and 882 ATMs)



Dinero al Instante Product Features and Benefits

- Wells Fargo has enabled the unbanked segment in the US to safely and easily transmit cash to Mexico without initially requiring a US bank account
- The beneficiary can claim the funds immediately in Mexico
- There is a flat fee of \$10 for up \$3,000 per transfer/per day
- The beneficiary is not required to have a bank account in Mexico



Dinero al Instante

Features and Benefits

- ◆ The secure transaction is identified with a confirmation number, which the beneficiary receives from the remitter
- ◆ The beneficiary is required to provide an ID and confirmation number to claim the funds in Mexico
- ◆ Currently, available in select locations in Arizona, Texas and California



Wells Fargo's Focus on Consumer Remittances

Matrícula consular card holders are a key part of Wells Fargo's new client acquisition strategy:

- Currently accept the Matrícula Consular for Mexico, Argentina, and Guatemala
- Over 500,000 Wells Fargo accounts opened with a Mexican matrícula consular between November 2001 and November 2004
- In recent months, an average of 22,000 new accounts were opened with matrícula consular
- Many of our customers currently use Wells Fargo Consumer Remittance products.

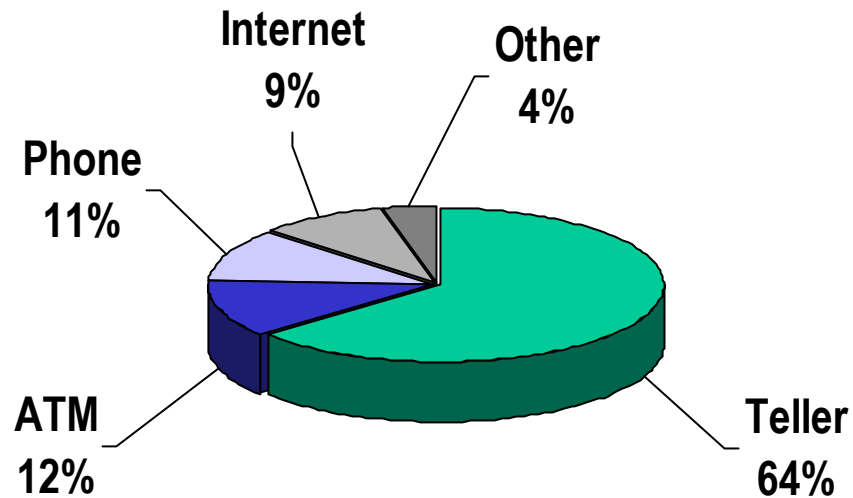


*Wells Fargo
Consumer Remittance Efforts
Key Results*



Wells Fargo Consumer Remittance Efforts: Key Results

Branch Intensive Client: Remittance Transaction Initiation



Wells Fargo Consumer Remittance Efforts: Key Results

- InterCuenta Express average product cross sell exceeds company average of 4.7 products!

- Product Cross Sell:
 - ◆ Checking Account Very High
 - ◆ Debit Card High
 - ◆ Savings Account Moderate
 - ◆ Credit Card Moderate to Low



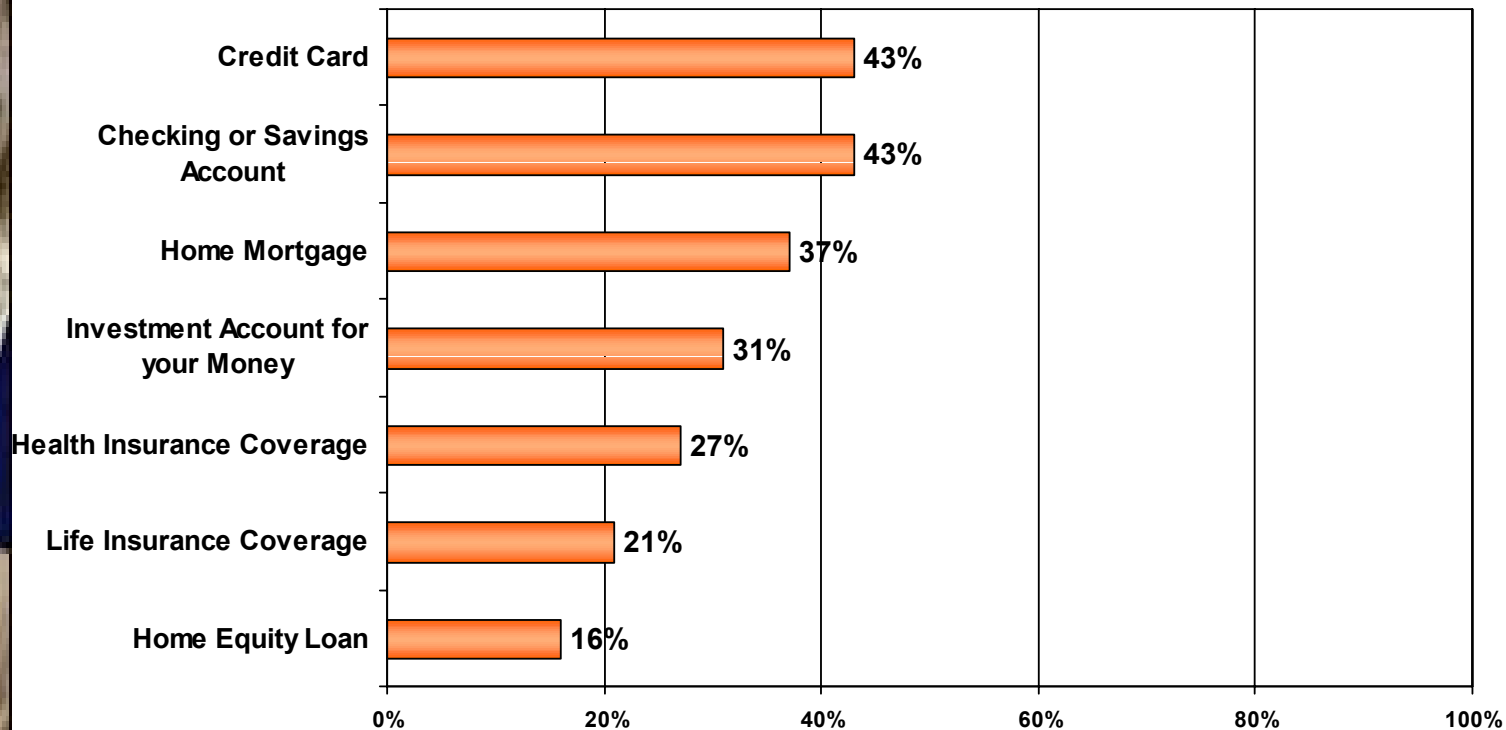
Key Results for Remittance Products

- Double digit growth in transaction volume and value
- High satisfaction scores with customer base with high referral potential
 - ◆ 72% Overall Satisfaction with Wells Fargo vs. 27% with competitive brands (Proprietary research 2003)
 - ◆ 76% of customers willing to recommend to friend or relative (Proprietary research 2003)
- Key Challenge: Limited market share and volume due to slow product adoption by consumers in the U.S



Wells Fargo Consumer Remittance Efforts: Key Results

Financial Products and Services Expected to Obtain in Next 12 Months



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Other Key Elements of Success



Introduce Clients to Technology

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Servicios de Wells Fargo en español - Individuos - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Home Search Favorites Refresh Mail Print

Address <http://www.wellsfargo.com/spanish/> Go Links >>

Search Web Sign In Mail Games Yahoo! Personals >>

WELLS FARGO **Abriendo CaminosSM**

Apoyamos sus sueños: haga una compra mayor, gestione su dinero, invierta en su negocio y mucho más.

Acceso a sus cuentas (sólo en inglés)

1. Nombre de usuario: 2. Contraseña:

[Ayuda nombre de usuario](#) [Ayuda contraseña](#)

3. Ingrese: Account Summary

Acceso a sus cuentas en línea. [¡Comience ya!](#) (sólo en inglés)

[Seguridad](#)

Individuos **Pequeñas empresas** **Acerca de Wells Fargo**

Individuos Wells Fargo en inglés

Servicios bancarios Cheques y ahorro Acceso en línea Transferencias internacionales Time Accounts (CD) Tarjeta ATM y de Cheques Más >>	Préstamos y crédito Tarjetas de crédito Equity del hogar Hipotecas Préstamos personales Servicios para estudiantes Más >>	Seguros y inversiones Inversiones Seguro de vida Seguro para inquilinos Seguro médico Seguro de la vivienda Más >>
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Invierta en su futuro
Podemos ayudarle. Tanto si prefiere trabajar con un profesional como si prefiere gestionar sus propias inversiones, contamos con [soluciones para usted](#).

Abra cta cheques aquí
Obtenga una cuenta de cheques que le permita un mayor control de sus finanzas. [Comience hoy](#).

Local intranet

start 3 Microsoft O... IME.march11dr... Servicios de We... 11:57 AM

Financial Literacy Programs

Abriendo Caminos®

Hands on BankingSM

El futuro en tus manosSM

The *Hands on Banking* site is narrated and animated. To get the full experience, you'll need to install Macromedia's Flash Player 7.0 on your computer. It's easy – and fast. Just click the button below; the installation could take up to 2 minutes. Then you're ready to get started!

El programa *El futuro en tus manos* está narrado y animado. Para disfrutar de la experiencia completa, necesitará instalar Macromedia Flash Player 6.0 en su computadora. Es fácil y rápido. Haga clic en el botón siguiente. La instalación puede tardar hasta 2 minutos. ¡Tras la instalación, estará listo para empezar!

HANDS ON BANKINGSM

EL FUTURO EN TUS MANOSSM

Thank You

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