

# Reaching the Latino Immigrant Market

**May 2005**

HIGHLY CONFIDENTIAL

# The Market is Changing



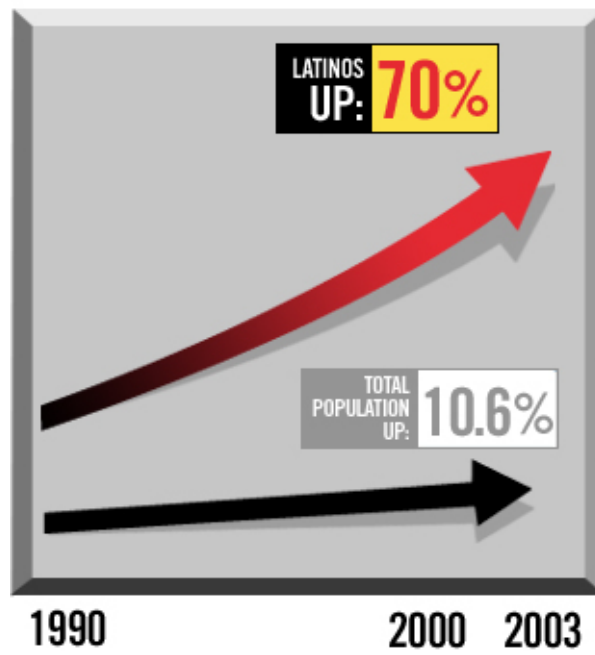
March 15, 2004 Issue

# Latinos are the largest, fastest growing segment of the US population

*Latinos are now the largest US minority group.*

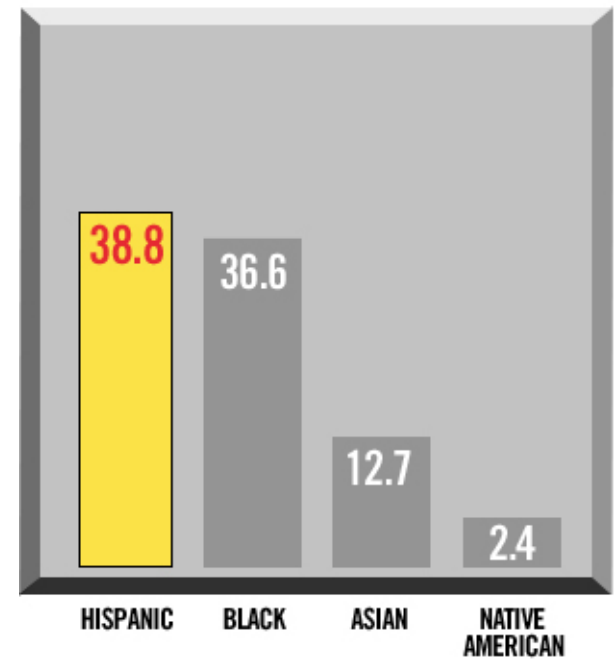
*Latinos increased 9.8% since the 2000 census*

## POPULATION GROWTH RATE

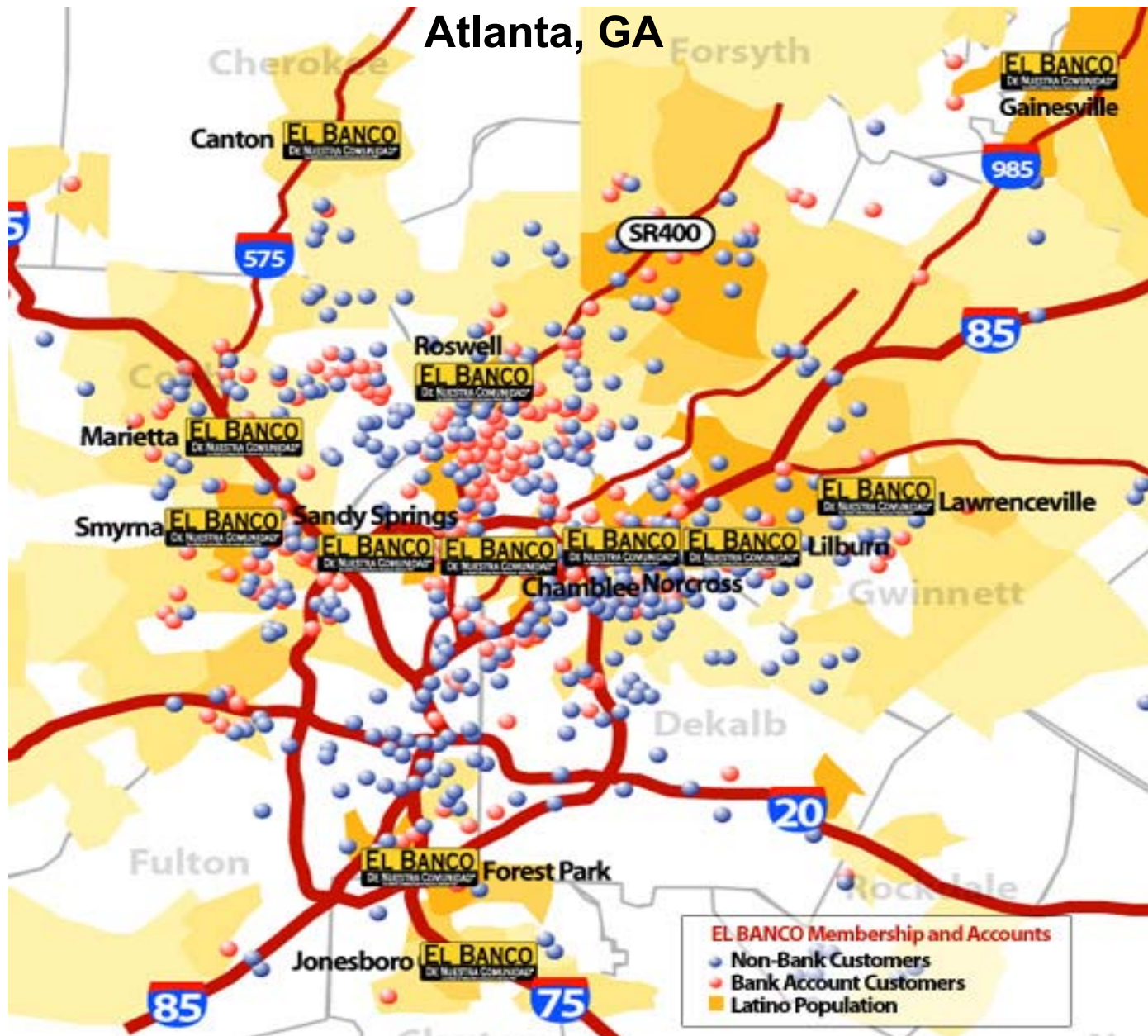


Source: 2000 US Census, Revised 2002

## POPULATION SEGMENTS



# EL BANCO existing branches as of January 2005



# El Banco de Nuestra Comunidad® locations



Canton



Roswell



Forest Park



Gainesville



Roswell



Marietta



Norcross



Lawrenceville

# How Latino Immigrants make the transition to mainstream consumers



## TRADITIONAL BANK

### BASIC TRANSACTIONS

- > Issue ID
- > Tax ID Number
- > Cash Paychecks
- > Transfer Money
- > Internet Access
- > Home Phone
- > Money Order
- > Envelopes Stamps

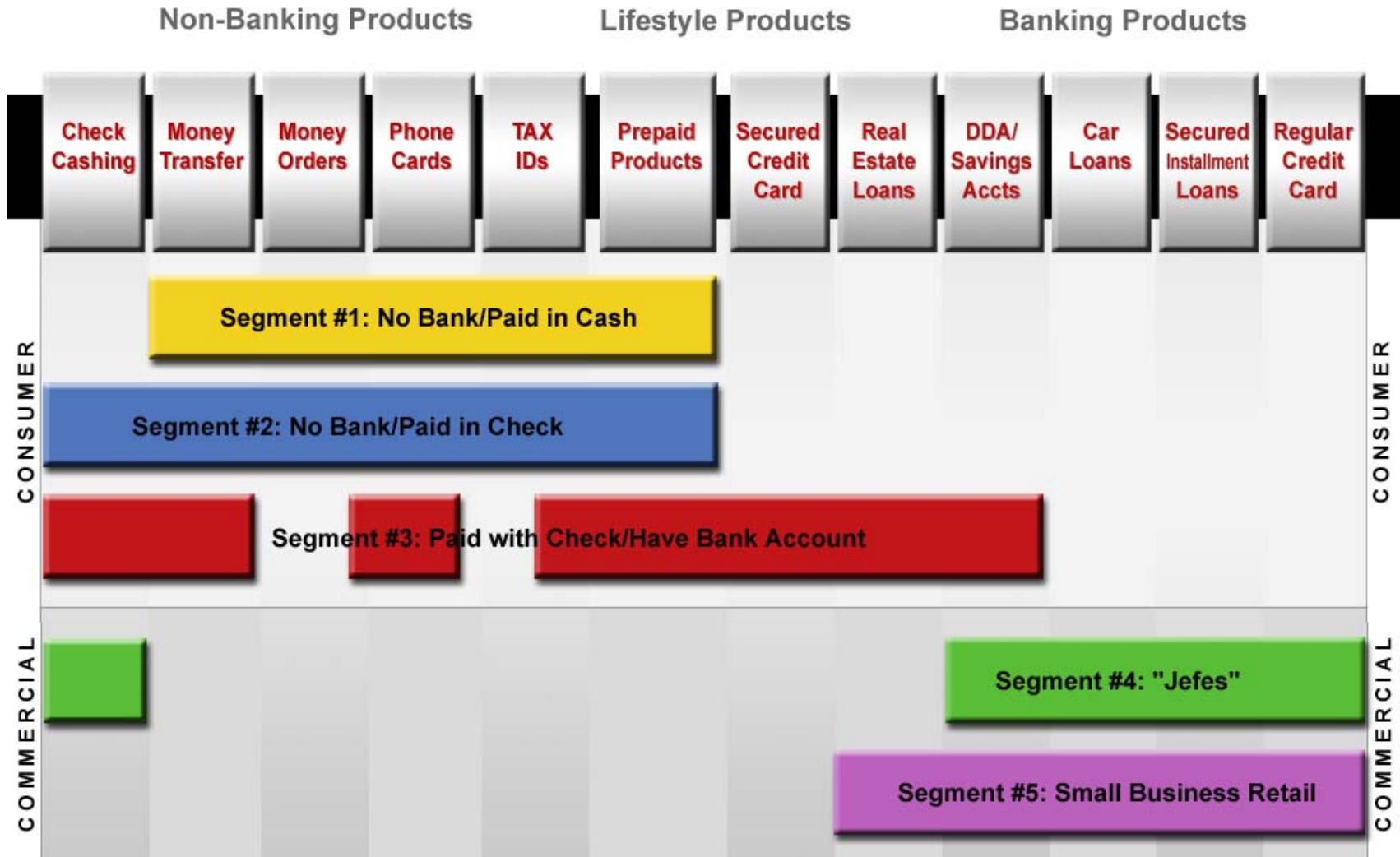
### FINANCIAL SERVICES

- > Bank Accounts
- > ATM Card
- > Bill Payment
- > Apartment Leases
- > Phone Contracts
- > Payroll
- > Visa CheckCard
- > Tax Returns

### CREDIT

- > Credit Cards
- > Car Loans
- > Retail Credit
- > Home Mortgage
- > Small Business Loans

# Latino Immigrant spans the continuum



# Two Worlds – One Consumer

Deposit or Loan Product drives the Relationship



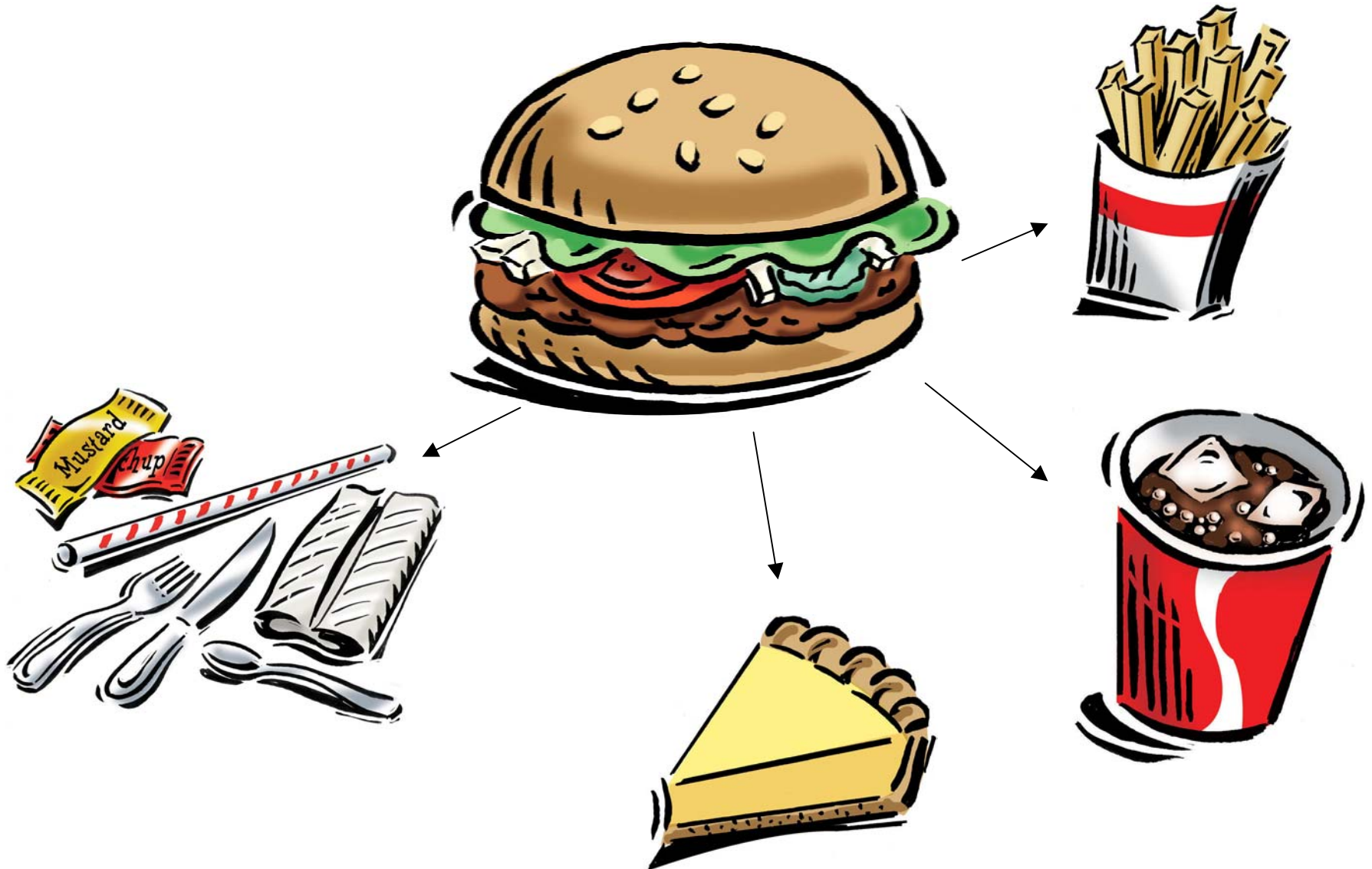
**8,000 + Mainstream Banks**

Check Cashing Drives the Relationship

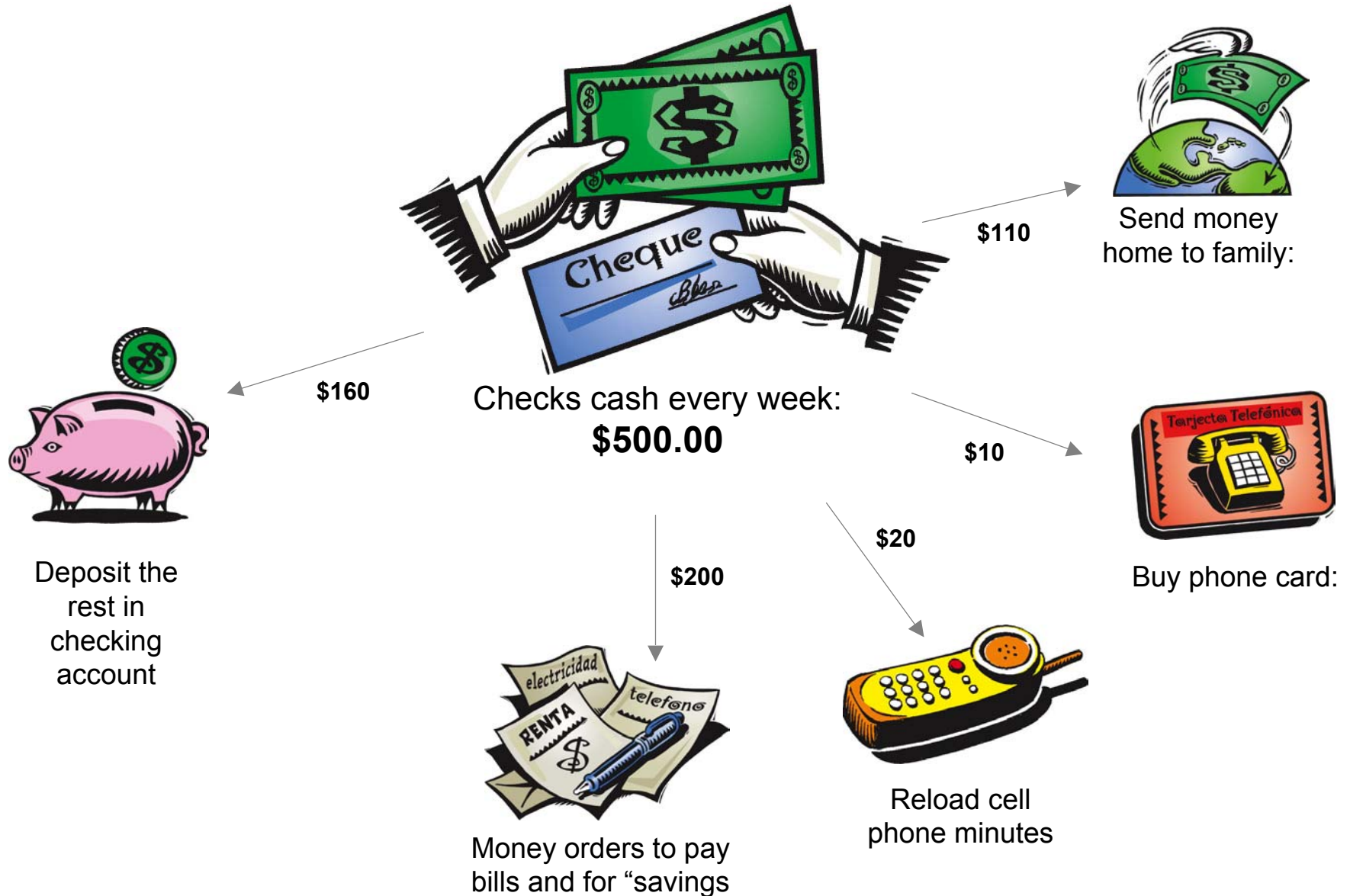


**10,000 + Non-Banks**

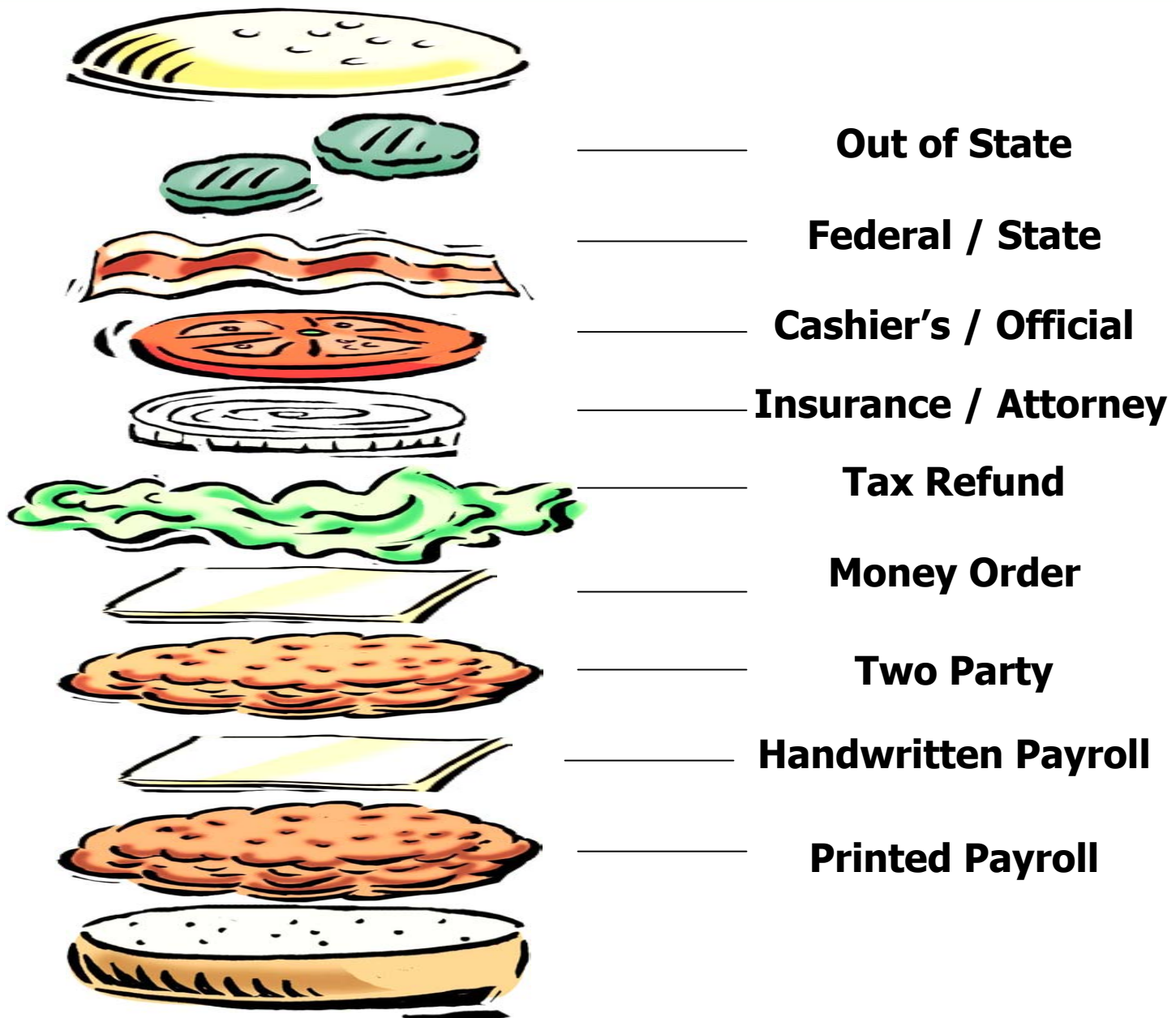
# Fast Food Analogy – The Combo Meal



# The Non-Bank Combo Meal



# Check Cashing is not just about Payroll



# The Combo Meal – One CUSTOMER BASE

- ❑ 90% of new customers come from check cashers
- ❑ 95% of new depositors start as check cashing customers
- ❑ 34% of non-bank revenue comes from bank account customers
- ❑ 50% of banking customers purchase non-bank products from us
- ❑ 2% of non-bank revenue is money transfers

# Deposit products

- “Savings Accounts” & “Spending Accounts”
- Positive transaction fees vs. NSF’s
- Low to zero interest cost
- 800 – 2000 Average Balances
- Migration to traditional products over time

## Deposit Account Migration

### FREE/INTEREST CHECKING

- NSF FEES
- NO MONTHLY FEES
- MOVE TO NIM MODEL

### CHECKING WITH VISA CHECK CARD

- ADD CHECKS
- ADD VISA CHECK CARD
- RELY MORE ON OVERDRAFT FEES

### 1ST TIME ACCOUNT

- EDUCATION REQUIRED
- NO CHECKS, ATM CARD ONLY
- PAPER DEBITS
- \$6.95 - \$9.95 MONTHLY FEE

## Credit Customer Profile:

- No credit history
- No “traditional” documentation
- No borrowing history in home country
- Primarily Home Mortgages for 1<sup>st</sup> time buyers
- ITIN’s vs. Social Security Numbers
- “Build” a positive credit history to qualify
- High margin/high yield/low risk loans

# COMPLIANCE REVIEW

## •PATRIOT ACT

### KNOW YOUR CUSTOMER

<b><u>Banking Products</u></b>  Number of IDs Required New Customers 2 IDs Existing Customers 1 ID	
<b><u>Primary Identification</u></b>  U.S. Driver's License with photo U.S. State ID Government Passport with photo U.S. Military ID with photo Resident Alien ID with photo U.S. Department of State ID with photo Matricula Consular card with photo Other government/state issued ID with photo (National ID, Voter registration with photo, US Tourist VISA)	<b><u>Secondary Identification</u></b>  Social Security card Individual Taxpayer Identification Number (ITIN) card Birth certificate Foreign Issued Driver's License Foreign Military ID with photo Marriage certificate Nuestra Membership Card Local employer ID Auto registration Home, automobile, or health insurance policy holder card

# COMPLIANCE REVIEW

## •PATRIOT ACT

## KNOW YOUR CUSTOMER

### Non Banking Products

Number of IDs Required

New Customers 2 IDs

Existing Customers 1 ID

### Primary Identification

U.S. Driver's License with photo

U.S. State ID

Government Passport with photo

U.S. Military ID with photo

Foreign Military ID with photo

Non-resident Alien ID (green card) with photo

Resident Alien ID with photo

U.S. Department of State ID with photo

Matricula Consular card with photo

Foreign Issued Driver's License

Other government/state issued ID with photo  
(National ID, voter registration with photo,  
US Tourist VISA)

### Secondary Identification

Social Security card

Individual Taxpayer Identification Number  
(ITIN) card

Birth certificate

Foreign Issued Driver's License

Foreign Military ID with photo

Marriage certificate

Local employer ID

Auto registration

Home, automobile, or health insurance policy  
holder card

## **Other internal controls**

- **Fingerprint**
- **Digital picture**
- **Copies of IDs kept in file**

## **Bank Secrecy Act**

- **CTRs**
- **MILs**
- **SARs**

## **OFAC**

# Compelling Line of Business

- Latinos represent the largest and fastest growing sector of the U.S. population
- CRA Solution – great for the community
- Migrates “newly bankable” transaction consumers into banking relationships