

CONFERENCE ON FINANCIAL ACCESS FOR IMMIGRANTS FEDERAL RESERVE BANK OF CHICAGO

Chicago, Illinois
April 15, 2004

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Opening Remarks

Good morning. I am Michael Moskow, president and CEO of the Federal Reserve Bank of Chicago. I'd like to personally welcome each of you to the Chicago Fed and thank you for attending what will be an informative conference.

This event would not be possible without the support of our co-host, the Brookings Institution Center on Urban and Metropolitan Policy. The Brookings Center has built a strong national reputation through its projects on immigrant location and financial access in underserved communities. Their connections to policy-makers at all levels of government have helped us to assemble a great panel of experts for this conference. I would also like to acknowledge the generous support of our sponsors, The Pew Hispanic Center and the Ewing Marion Kauffman Foundation.

For those of you unfamiliar with the Federal Reserve, our goals are to foster maximum sustainable economic growth, price stability, and a stable financial system. One way we support these goals is by promoting full and fair access to the nation's financial institutions. In doing so, we try to minimize the economic losses that arise whenever anyone is unfairly discouraged from participating in our financial system.

In particular, the issue of immigrant financial access has been growing in importance in recent years. Between 1990 and 2000, the number of foreign born in the U.S. grew by 57 percent. Today 1 out of 9 people living in the U.S. was born abroad. Moreover, the fastest growth in immigration has occurred in places where immigration was virtually unknown 20 years ago. In metropolitan areas, new immigrants are now more likely to live in the suburbs than in the central city. The sheer size and dispersion of the immigrant population ensures that the economic progress of immigrants is a crucial component of economic progress in the cities, suburbs and rural areas of America.

To help us better understand this dynamic issue, the Federal Reserve Bank of Chicago established the Center for the Study of Financial Access for Immigrants. This initiative has three goals:

- 1) to add to the state of knowledge about the financial behavior of immigrants
- 2) to provide forums, like this one, where interested parties can share ideas to improve financial market access for immigrants; and
- 3) to document findings, innovations, trends, practices and policies that enhance immigrant financial market access.

Since its establishment a year and half ago, the Center has sponsored a wide range of research that has examined issues such as the influence of home country characteristics on financial market participation, the role of social networks in promoting or impeding financial access, and the sources of start-up capital for immigrant entrepreneurs compared to entrepreneurs born in the U.S. — you will hear more about some of this research today. We have also hosted regional Financial Access for Immigrants conferences in Springfield, Milwaukee, Des Moines, Indianapolis and Detroit.

Our research and conferences on this issue have reiterated the existence of numerous opportunities to incorporate immigrants into the financial mainstream. According to the Census Bureau, only 68 percent of immigrants have a savings or a checking account, compared to 82 percent of individuals born in the U.S. Homeownership rates in the U.S. have reached unprecedented levels — almost 70 percent for those born in the U.S. — but immigrant homeownership lags far behind at 49 percent. These figures underscore how far we have to go, but they also point to opportunities for financial institutions to attract new customers. As you will hear more about today, many large and small financial institutions view the immigrant market as a key to continued success. One point of entry that has received much attention is the large and growing market for sending remittances overseas. In 2003, immigrants from Latin America and the Caribbean sent \$38 billion back to their home countries.

While there are many opportunities to promote broader immigrant participation in the US financial arena, there are also many challenges. The ethnic diversity of the immigrant population, alone, means that the requirements for improving access vary tremendously across immigrant groups. Language, legal status, and education are also potential impediments. Many financial institutions are working hard to develop innovative outreach strategies and products to address these challenges, and we will hear from some leaders in this area later this afternoon.

Efforts to improve financial access for immigrants have received wide-spread support. When the Treasury Department was deciding to give banks the option to accept identification issued by foreign governments, groups like financial institutions, immigrant advocate groups, law enforcement and regulatory agencies, community development organizations, and both political parties all submitted formal comments in favor of the decision. As you can tell from the title of today's conference, "Learning from Diverse Perspectives," one of our goals is to incorporate a broad range of viewpoints on this issue. These diverse perspectives are apparent as you look around you at the panelists and the conference participants assembled here today.

Also, you will notice that the conference sessions cover a broad spectrum of the financial market place: traditional banking services, housing and homeownership, entrepreneurship and remittances. The agenda is deliberately broad for two reasons. First, research shows that participation in one part of the financial mar-

ketplace influences participation in other parts. Second, the scope of the agenda should help us to identify common themes and best practices that can be applied to improve immigrant financial access across a wide range of financial services.

Over the next two days, we'll hear from a number of business and policy leaders who are on the front lines, confronting the issue of immigrant financial access. To highlight a few of the leaders who will join us:

Our keynote speakers at lunch today, former Governor of Illinois Jim Edgar and author Tamar Jacoby, will give you insights on immigration policy and financial access from both a Midwest and a national perspective.

Tonight, we will hear from Henry Cisneros, former secretary of HUD. He will talk about American CityVista, his current venture to construct affordable housing for immigrants and other historically underserved residents in America's cities.

Tomorrow, we will be joined by Ben Bernanke, a member of the Federal Reserve Board of Governors and one of my colleagues on the Federal Open Market Committee.

In closing, I'd just like to say that I hope that this conference will inspire actions that move us closer to realizing the enormous opportunities represented by improving immigrant financial access.

Again, thank you for joining us. I look forward to hearing your insights.