

Remittances: A Gateway to Financial Inclusion

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Origin



- Banco de México and the U.S. Federal Reserve collaboration to create an efficient funds transfer mechanism for personal and business payments between our countries with regulated, financial institutions at both ends.

Directo a México[®] Features



- Account to account transfers
- Low-cost: \$0.67 cross-border surcharge to financial institution
 - ▣ Originating fees usually \$2.50-\$5.00
- Next business day delivery
- Highly competitive FX rates for every payment – regardless of value
- Personal and business payments
- www.directoamexico.com

Offer the Right Mix of Products and Services

- Remittances are one component of your portfolio of products
 - ▣ Remitters need a broad range of financial services
 - ▣ Low-cost entry level financial services as first step (i.e. check cashing, money orders, savings accounts)
 - ▣ Use as building blocks of customer acquisition, retention, and cross-selling
 - ▣ Financial education is vital

“By bringing remittance customers into the banking system, Directo a México is helping families to create wealth, as well as creating formal banking relationships on both sides of the border.”

Luis Pastor, CEO, Latino Community Credit Union (LCCU), Raleigh-Durham, NC

Business Case and Goal Setting

- Remittances *can be* important for overall business growth strategy
- Evaluate objective in offering remittances
 - ▣ Transactional vs. relational
- Be realistic about your goals
 - ▣ Number of transactions, new accounts, loans, etc.
 - ▣ Cross-selling, up-selling
 - ▣ Generally not an overnight success

Final Thoughts

- Remittance products can be a stepping stone for customers to enter into the financial system
- Successful financial institutions have a real commitment to this customer relationship
- Innovation is also needed to meet challenge of unbanked and underserved populations
 - ▣ Collaboration with Institute for Mexicans Abroad (IME) to increase financial education
 - ▣ Bansefi & L@Red de la Gente support Directo a México in their products and activities

Contact Information

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