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July 24, 2003

326 Identification Comments
US Department of the Treasury
Office of the General Counsel
1500 Pennsylvania Avenue, N.W.
Washington, DC 20220-0002
identification@regcomments.treasury.gov

To Whom It May Concern:

I am writing from the Woodstock Institute in Chicago to oppose any changes to the Section 326 customer identification rules that would not allow financial institutions to accept certain types of foreign government-issued identification, such as the Matricula Consular card, to open bank accounts for immigrants. The Institute is a 30-year-old nonprofit that is dedicated to promoting community reinvestment and access to affordable financial services for lower-income and minority families. Woodstock has partnered with banks, credit unions, and community development financial institutions to improve access to the mainstream financial services industry for lower-income consumers. The financial services sector has made strong advancements in reaching out to underserved communities. It would be unfortunate to see these gains stripped away by making it more difficult for banks to reach out to immigrant markets.

While it is true that “financial institutions are encouraged to use multiple forms of identification to minimize risks,” as is stated in Treasury’s request for comments, a balance must be maintained between weighing risk and providing financial services to families in need. The Institute has two primary objections to proposed changes. First, Woodstock believes that it would be unnecessary and burdensome to require financial institutions to photocopy identification documents. The storing of photocopied identification can exacerbate identity theft and is a potential violation of the Equal Credit Opportunity Act.

Second, in the Chicago area, use of the Matricula Consular card has allowed thousands of families of Mexican origin to access financial services in the traditional banking sector rather than pay exorbitant rates at check cashers and payday loan stores. It has also resulted in the establishment of thousands of profit-rendering bank accounts and other financial products. Approximately one in five Chicagoans are of Mexican origin, representing a large and untapped business market for local banks. Financial institutions, community organizations, regulators, and the Mexican Consulate have partnered to ensure that the process of utilizing the Matricula card is safe, low-risk, and affordable. The card has extensive security features and is very difficult to forge.

In the Spring of 2003, the Chicago region’s Federal Deposit Insurance Corporation (FDIC) created the New Alliance Task Force in conjunction with the Mexican consulate to encourage financial institutions to “think outside the box” in relation to financial services for immigrant populations. Woodstock Institute, one of the few nonprofit partners that was involved with the Task Force from its inception, has been working

for years on this issue through the Chicago Community Reinvestment Act (CRA) Coalition, a consortium of over 100 nonprofit groups that Woodstock convenes. Woodstock, the Coalition, and their nonprofit and bank partners have established products, programs, marketing strategies, and financial literacy curricula that are tailored to immigrant groups. The Institute has worked with local banks to develop strategies to reduce fraud by utilizing extra security measures when customers open bank accounts. Banks have also found it useful to accept several alternative forms of identification, such as utility bills, in order to open accounts for underserved groups. This work has had important results in allowing families to access financial services.

Research shows that Latino populations are much more likely to be unbanked than their white counterparts, leading to a significant loss in assets and savings rates. If financial institutions are precluded from accepting identification such as the Matricula card, which has been in use for decades, the Chicago area Latino population would be repelled from the conventional financial system. This would result in a loss of wealth and equity for families, but would also cause a significant loss of real and potential profit for the region's banks and credit unions.

The Matricula Consular card has been very successful in banking previously unbanked Latinos in the Chicago market. This fact points to the negative effects of precluding banks and credit unions from accepting such forms of identification to open deposit accounts. The issue of what forms of identification are acceptable in order for persons to obtain a mortgage loan must also be clarified. If banks are not allowed to accept alternative forms of identification, it could dissuade many of the thousands of Latino and other immigrants in the Chicago area who would like to invest in the conventional American financial system. It is interesting to note that the American Bankers Association is also opposed to changes in Section 326 that would disallow them from accepting such alternate forms of identification. Financial institutions must be allowed to continue to accept Matricula Consular and similar cards for identification purposes. Thank you for your attention to these comments, and please do not hesitate to contact me if you have any questions.

Sincerely,

Katy Jacob
Project Director