

Statement of Gabriel Manjarrez
Senior Vice President - National Hispanic Consumer Marketing
Bank of America

At the Hearing on: "Serving the Underserved:
Initiatives to Broaden Access to the Financial Mainstream"

Before The Subcommittee on Financial Institutions and Consumer Credit
Of the United States House of Representatives
Committee on Financial Services

2128 Rayburn House Office Building
June 26, 2003
10:00 a.m.

Chairman Bachus and distinguished members of the Subcommittee,

My name is Gabriel Manjarrez and, on behalf of Bank of America, I want to thank you for the invitation to testify on our initiatives to bring the “unbanked” and “underserved” into the mainstream financial system and specifically two of our programs seeking that objective in the Hispanic market.

I am the Bank’s senior vice president in charge of marketing to Hispanic consumers. In this role, it is my job to develop sales and marketing strategies that will connect our Hispanic customers with the financial products and services in a way that provides them with the most positive and integrated banking experience. In fact, our in-language advertising slogan is “Superacion Constante” which conveys that we are “always striving for improvement” in the way we serve this market. I’d like to take a little time today to describe what we have done to be responsive to the needs of this market.

Mexican Consulate ID

The first program I want to discuss was our initiative to accept the use of Mexican Consulate ID card (or “*Matricula Consular*”). In short, we developed this initiative because we wanted to make it easier for Mexican citizens living in the USA to have access to banking services from Bank of America. Like many of our Hispanic customers, we recognized the opportunity presented by Mexican Consulate ID but needed to see if the card could serve as an effective form of identification. So, in December 2001, we launched a pilot to begin accepting this card as a primary form of identification for cashing checks and opening new accounts (when presented along with a secondary form of identification). This pilot was established in select markets with sizeable Mexican immigrant populations in Arizona, California, New Mexico and Texas.

The results were quite convincing with significant net gains on new checking and savings accounts that have continued an upward trend to this day. In fact, the pilot program was so successful that we decided to ramp it up nationwide as of June 1, 2002.

The size and significance of this step should not be underestimated because Bank of America is the nation’s largest retail bank with more than

four thousand banking centers, more than thirteen thousand ATMs and the only footprint that spans from east coast to west coast. With 75% of the country's Hispanic population living in communities serviced by Bank of America, we knew that this market had a high need for banking services and a high growth potential.

Overall, I would say that our experience has been very positive. More consumers are using the card to access banking services than would ordinarily have the opportunity to subscribe to them.

Today, every single Bank of America banking center recognizes the card as a valid form of identification. We believe that banking services ought to be made available to everyone so that they can manage their money without carrying large sums of cash. The consequences of having to carry a stash of cash can be quite dire and take the form of muggings and other violent crimes.

Some critics of the Mexican Consulate ID have raised concerns about increased risk of fraud. We thoroughly considered these risks and have significant controls in place for screening potential customers and monitoring their accounts for fraudulent activity. We are also working closely with government agencies to comply with ANY and ALL regulatory requirements including those resulting from the Patriot Act.

With regard to newly proposed legislation at the federal and state level, we are closely monitoring these proposals for any impact on our program. Our position is that, because verification requirements are so important when issuing identification documents, we strongly encourage the US and Mexican governments to work together to ensure that the Consulates have the best authentication measures and tracking systems in place. We also applaud the Mexican government for developing much stronger security measures to ensure the integrity of the card itself. Today, many consider it more secure than a U.S. passport or other ID because it has many more security features.

SafeSend

The second program that we developed to broaden access to financial services in the Hispanic market is in response to the \$9 billion in international money transfers that are sent from the United States to

Mexico each year. We launched an entirely unprecedented international money transfer service called *SafeSend*[™] as an alternative to the traditional wire transfer services that dominate this marketplace.

SafeSend is a safe, trustworthy and convenient card that uses the telephone, Internet and the ATM network rather than expensive wire services. Our *SafeSend* customers can send money by phone or electronically to loved ones in Mexico 24 hours a day, 7 days a week, without having to leave the comfort of their own homes. Then, on the receiving end in Mexico, the recipient uses a secure personal identification number (PIN) and a *SafeSend* ATM card to access the money within minutes at any of 20,000 ATMs.

We created this new product because customer feedback demonstrated showed the demand for more options in the money transfer business. *SafeSend* is the first service that Bank of America designed exclusively for Hispanics. It offers greater value and convenience than traditional wire transfer products and provides a secure service at a low cost to the sender and at no cost to the recipient.

More than one third of all our *SafeSend* customers open checking accounts when they subscribe to this service. In other words, one out of every three *SafeSend* customers did not have a bank account, but opened one when they started using *SafeSend*. We are proud of these results and look forward to the continuation of this trend.

Financial Education Initiatives

Last, we would be remiss if we failed to mention efforts to mainstream underserved populations into banking through financial education initiatives. Bank of America is one of the nation's strongest supporters of financial education. We have a long-standing commitment to the health of the communities where we do business, and as a provider of financial services, we have a responsibility to help our customers and clients understand our products and services so that they can plan for every stage of their lives. Here are some examples:

- In 2002, Bank of America and the National Council on Economic Education (NCEE) launched "Financial Fitness for Life" an innovative financial education curriculum for students from kindergarten through

high school. This program presents key concepts in economics in personal finance in an easy-to-understand style, using real-life examples to which students of all ages can relate.

- Bank of America is partnering with the National Council of La Raza (NCLR) on their “En Su Casa” program to provide homeownership counseling in 12 cities.
- Bank of America is partnering with Freddie Mac and Consumer Credit Counseling Service (CCCS) to provide Credit Works, a unique program to expand homeownership opportunities for low/moderate income families.
- Bank of America also partnered with Consumer Action (CA) to create a set of free educational brochures distributed through CA’s national network of more than 6,500 community-based groups.

Recap

In sum, the Mexican Consulate ID, *SafeSend* and our financial education initiatives are opening the door to financial services for more unbanked consumers. As a result, more are opening new banking accounts, cashing checks, making international money transfers, subscribing to other banking services and becoming more documented in the process. We are providing opportunity for thousands to gain access, many for the first time, to mainstream banking services and applaud the Subcommittees interest in learning more about this subject.

I would just like to thank the Subcommittee once again for the opportunity to share our perspective. I look forward to answering any questions.