

**OPENING REMARKS FOR THE HONORABLE RUBEN HINOJOSA  
HOUSE FINANCIAL SERVICES COMMITTEE  
SUBCOMMITTEE ON FINANCIAL INSTITUTIONS AND CONSUMER CREDIT  
“SERVING THE UNDERSERVED: INITIATIVES TO BROADEN ACCESS TO THE  
FINANCIAL MAINSTREAM”  
JUNE 26, 2004**

Chairman Bachus,

I am very grateful that you agreed to hold this hearing today as a result of our colloquy on my amendment to H.R. 1375, the Financial Services Regulatory Relief Act of 2003 considered in the Financial Institutions Subcommittee on April 9<sup>th</sup>. My amendment would have deemed Consular ID Cards issued by the Embassy of Mexico, which refers to them as Matricula Consular cards, as a valid form of identification under Section 326 of the PATRIOT ACT.

During that colloquy, we agreed to discuss three distinct topics: (1) barriers to bringing the unbanked into the mainstream financial system; (2) the high cost of international remittances; and (3) issues surrounding the acceptance by financial institutions of Consular ID Cards. Working together, I believe that the Chairman and I have crafted two panels of witnesses that best address these matters in a fair, balanced, and comprehensive manner.

I appreciate Chairman Bachus's efforts and those of his staff and of the staff of Ranking Member Barney Frank in pulling together this hearing. This issue is extremely important to me, to my constituents, to all of Texas and to the unbanked throughout the United States.

Opening an account at a financial institution is often impossible for foreign nationals who lack the generally required 2 forms of identification. As a consequence, they are often forced to use expensive check-cashing services to cash payroll checks and wire services to send money to relatives back home. In addition, these same “unbanked” foreign nationals have had to carry large sums of cash, which has increasingly made them targets of crime. The Mexican government has attempted to resolve this problem by issuing their own Consular ID cards. I should note that these cards are over 130 years old and have been accepted in the United States for quite some time. In March 2002, the Mexican government significantly improved the ID card by adding several security features, including those that are invisible except when exposed to infrared light. Acceptance of the Consular ID Card by local U.S. authorities and governments does not encourage illegal immigration.

The Consular ID Card is a proof of consular registration as established by the Vienna Consular Convention. Thus, the mere acceptance of this document as a means of identification does not constitute a violation of federal immigration laws, because it is not intended to aid or give foreign nationals in the U.S. confidence that they can continue to reside without documents in the United States. Moreover, Mexican consulates clearly explain the nature of the document to assure that Mexicans know that it does not regularize their immigration status.

To address the unbanked issue, I introduced on February 13th, H.R. 773, the 21st Century Access to Banking Act. This legislation will make several key reforms to the Patriot Act of

2001, which was enacted to safeguard our U.S. Banking System against terrorism. The key reforms include: (1) authorizing U.S. financial institutions to accept these Consular ID cards as valid identification for the purposes of opening an account; (2) bringing unbanked individuals into the U.S. Banking System; and (3) allowing for more efficient regulation of currency in the United States.

My legislation will allow these hardworking families to enter the mainstream financial system, thus enabling them to open checking accounts, savings accounts, establish a credit history and possibly even eventually purchase a car or home. Although my legislation runs on a parallel track to Treasury's recently promulgated Section 326 regulations, it goes further. It requires institutions to accept these cards. Consequently, my legislation would help improve our sagging economy by enabling these struggling families to avoid being preyed upon by sometimes unscrupulous check cashers and payday lenders, and instead permit them to enter the mainstream financial system, thus infusing our banks, credit unions and ultimately our economy with much-needed cash.

If they were denied use of the Consular ID Card, foreign nationals would not be able to open accounts at U.S. financial institutions and send remittances to their loved ones abroad at significantly reduced costs. Funds transferred from foreign nationals in the U.S. to their families allows them to purchase goods imported from the U.S, thus creating a rather desirable economic cycle.

The recent increase in competition for remittances by Wells Fargo, Citibank, Bank of America, Texas State Bank and the credit unions, particularly Security First Federal Credit Union represented here today by its CEO and my constituent Al Beltran, has helped reduce the cost of remittances these families send back to their loved ones. We should continue to encourage such activity.

Furthermore, improving and encouraging the development of financial literacy programs can only help increase the living standards of these nationals and of Americans in general. As I always say, education is the foundation for economic development. This hearing is a step in that direction.

There are numerous financial literacy programs out there: FDIC's Money Smart for adults in both English and Spanish; NCEE's K-12 program; ACB's *Money Rules* program; Fannie Mae's homeownership program in English and Spanish; Freddie Mac's Credit Smart Espanol; the SIA's online Stock Market Game; ICI's Investing for Success ; Operation Hope's Banking on Our Future and others that are improving financial literacy for our entire population.

I would especially like to commend the Independent Bankers Association of Texas for encouraging the Texas State Legislature to pass legislation requiring two semesters of financial literacy to graduate from high school.

Finally, I would like to acknowledge all the hard work put into this hearing by Carter McDowell, Dina Ellis, Kevin MacMillan, Karen Lynch and especially Jim Clinger of the Majority's staff and special thanks also to Jaime Lizarraga and Jeanne Roslanowick of Ranking Member Frank's staff. As a result of all their efforts, we have crafted a truly bipartisan hearing,

and I look forward to hearing the testimony of the witnesses.

I yield back the balance of my time.