

THE ROLE OF THE *MATRICULA CONSULAR* AT FINANCIAL INSTITUTIONS

SUBMITTED TO:

**THE HOUSE FINANCIAL SERVICES SUBCOMMITTEE ON FINANCIAL
INSTITUTIONS AND CONSUMER CREDIT**

Submitted by:

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June 26, 2003

Hello, my name is Brenda Y. Muñiz. I am a policy analyst at the National Council of La Raza (NCLR) responsible for banking and financial services issues. NCLR is a private, nonprofit, nonpartisan organization established in 1968 to reduce poverty and discrimination and improve life opportunities for the nation's Hispanics. NCLR is the largest national Hispanic constituency-based organization, serving all Hispanic nationality groups in all regions of the country through a network of more than 300 affiliate community-based groups.

NCLR has closely monitored and supported the use of the *matricula consular* as a tool that promotes the physical safety and financial security of Mexican immigrants and the communities where they reside. For this reason, we are deeply troubled by recent reports released by anti-immigrant groups which allege that the *matricula* is an unsecure document that it is being used to promote a surreptitious legalization agenda, and that its acceptance by law enforcement authorities and financial institutions should be discontinued.

We are also very concerned with several ongoing administrative and legislative efforts that may threaten the continued use of the consular ID card. First, an interagency task force composed of the Department of Justice, the Department of Treasury, the Department of State, and the new Department of Homeland Security has been meeting regularly to study the security of the card and whether its applications should be limited. Recommendations that stem from this task force may have serious implications regarding the future use of the *matricula*. Second, the Treasury Department has decided to issue an additional 45-day notice and comment period regarding the Section 326 regulations under the Patriot Act although the final rule was issued two months ago. Therefore, we hope that the ability of financial institutions to accept *matriculas* is not undermined in any way. Third, a few members of Congress have introduced legislation that would prohibit the use of consular IDs and most other forms of foreign government-issued identification cards by state or federal agencies.

That being said, we are pleased that Congressman Hinojosa has introduced H.R. 773, the 21st Century Access to Banking Act, which enjoys broad support from the Congressional Hispanic Caucus. H.R. 773 represents positive legislation that authorizes financial institutions to accept the *matricula* consular ID.

I would like to highlight first how the Mexican consular ID is essential to maintaining safe and healthy neighborhoods and communities; second, how the Mexican consular ID is vital to opening the doorways of economic opportunity for immigrant Latinos in the U.S.; and finally, how it is a central element in increasing U.S. economic growth and financial prosperity for the nation.

Safe and Healthy Communities

Mexican consular IDs are critical to public safety, crime prevention and investigation, and national security. *Matriculas* make entire communities safer because they facilitate easier access to mainstream financial services, which deters crimes and predatory schemes against immigrants, who are more vulnerable not only because they are more likely to have a lot of cash on hand to pay for daily needs, but because they are the least likely of residents to report crimes to local police. Four out of five (82%) unbanked individuals use check-cashing outlets and, therefore, must often carry large sums of cash making them easier targets for crime – especially theft or robbery. Because of these safety concerns, police departments across the

country support the use of these IDs along with efforts to link immigrant workers to mainstream financial institutions as a means of reducing crime and violence in neighborhoods and communities and as a means of promoting good community policing.

Acceptance of consular IDs is important to building community trust and maintaining communication between local police and immigrant communities. Many cities and counties and 800 law enforcement agencies are accepting *matriculas* as valid forms of identification. Police departments know that when people feel free to report crimes and other suspicious behavior without fearing immigration troubles for themselves and their family members, the whole community is safer. Police departments want to be able to identify people during a traffic stop or accident. If we prevent people from obtaining identification legally, we will make the job of our police departments more difficult.

Moreover, having a secure identification system allows the Mexican government to work with the U.S. to minimize fraud. If people are unable to obtain valid identity documents, they will obtain them fraudulently. Preventing individuals from obtaining legal identity documents increases demand for fraudulent documents, and in a world where security is the highest priority it is critical that we are not creating a demand for the fraudulent identification market. In a security-conscious environment, we want people who are in this country, whatever their status, to be able to prove their identity. We should applaud efforts by the U.S. and Mexican governments to issue secure identification documents so both governments know who is in the country.

Economic Mobility for Latino Immigrant Families

Too many families lack access to basic financial services. Nearly 10 million American families are unbanked, and Latinos are more likely not to have a checking or savings account. Thirty-five percent of Latinos recently surveyed reported that they did not have a bank account, and that number rises to 42% for foreign-born Latinos.

Many of us know that hardworking, taxpaying, Latino immigrants contribute billions to the U.S. economy in both their labor and consumer spending. While these workers pay rent, phone, and utility bills, they do not have regular bank accounts to facilitate these simple transactions. Unfortunately, for unbanked workers there are often no real financial alternatives except for payday lenders, which grew from 300 stores in 1993 to 8,000 stores in 1999, or check cashers – an industry that has doubled in size over the last decade with 11,000 outlets across the nation, most located in neighborhoods where Latinos work and reside. With limited access to formal savings tools, it is no surprise that the financial net worth of the median Hispanic family in 1998 was zero, compared with \$37,000 for similar non-Hispanic White families.

Immigrants have both the strong desire and the need to access low-cost savings and asset-building tools to provide for their children and stabilize their families financially. Given the economic potential of this population, 70 banks and a number of credit unions across the nation now accept Mexican consular IDs and Individual Taxpayer Identification Numbers (ITINs) to open bank accounts and provide lower cost remittance services for Latino immigrants. Under the proposed strict guidelines established under the Patriot Act, financial institutions must exercise due diligence to verify the identity of persons who open accounts. To adequately

ensure the identity of accountholders, financial institutions are currently allowed to accept certain forms of foreign identification, including the *matricula consular*.

Economic Contributions of the Immigrant Community

Mexican consular IDs help integrate a population into the financial mainstream, which is intrinsically connected not only to the nation's economy but to the economies of cities and states as well. The purchasing power of the nation's Hispanic community now surpasses \$580 billion annually, and Latino workers remitted \$23 billion in 2001 to Latin America and the Caribbean – \$10.5 billion to Mexico alone. Access to lower cost financial products and services for Hispanics, especially immigrant workers, provides more opportunities for Latinos to save and financially invest in the nation's economy.

Conclusion

In conclusion, the *matricula* is simply an identification card. It does not “legalize” the status of any immigrant, it cannot be used to obtain any immigration or citizenship benefits such as work authorization or the right to vote, and it cannot be used to obtain public benefits. Its continued use and acceptance, however, does have a positive impact on immigrant workers, their families, and the communities where they reside fostering greater transparency and integration into U.S. society, which benefits us all.

The truth is that the current controversy over Mexican consular ID cards is a byproduct of a larger immigration debate. Those advocating for greater immigration restrictions are attempting to use the *matricula* as a means of advancing their immigration agenda. NCLR would contend that access to financial tools and other services has little impact, if any, on an immigrant's decision to enter the U.S. and, therefore, cracking down on *matriculas* will not achieve a significant reduction in emigration from Mexico. NCLR has done considerable work studying the various impacts of migration, and for this reason we have asked the federal government to address the need for broad immigration reform that reflects our nation's social and economic realities.

I thank you for your interest in this issue.